



## ADAPTATION FUND

14 September 2020

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Adaptation Fund Board

***Accreditation Panel Recommendation on the Fast Track Re-accreditation of the Corporación Andina de Fomento (CAF) as a Regional Implementing Entity (RIE) of the Adaptation Fund***

Having reviewed the fast-track re-accreditation application of the Corporación Andina de Fomento (CAF), the Accreditation Panel recommended that CAF be re-accredited as a Regional Implementing Entity (RIE) of the Adaptation Fund.

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

***Re-accreditation Decision:***

Having considered the recommendation of the Accreditation Panel and following the fast-track process approved by Decision B.28/38, the Adaptation Fund Board decided to re-accredit the ***Corporación Andina de Fomento (CAF)*** as a Regional Implementing Entity (RIE) 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 re-accreditation expiration date is 13/09/2025.

**Decision B.35.a-35.b/43**

## **ANNEX I: REPORT OF THE ACCREDITATION PANEL ON AN ASSESSMENT OF THE CORPORACIÓN ANDINA DE FOMENTO (CAF) FOR FAST TRACK RE-ACCREDITATION AS A REGIONAL IMPLEMENTING ENTITY (RIE) OF THE ADAPTATION FUND.**

### **Background**

The Corporación Andina de Fomento (CAF), also operating with the name Development Bank of Latin America, is an international financial institution which seeks to foster and promote regional economic development. It was formally established in 1968 under the CAF Establishment Agreement, which includes a formal purpose of supporting sustainable development and economic integration within all of Latin America and the Caribbean, as opposed to within only the Andean region. CAF's Climate Change Agenda Action Plan in its Comprehensive Agenda for Sustainable Development comprises two strategies: to strengthen the institutional capacities and promote the development of policies, plans, and programs to face the challenges of climate change; and to structure programs and projects with climate co-benefits and co-mobilize international resources aimed at climate financing.

CAF was accredited as a regional implementing entity of the Adaptation Fund (AF) in March 2014 and is currently implementing two national and two regional projects, all in early stages of project start or implementation. CAF submitted its application for re-accreditation to the Secretariat via the online workflow system on 17 June 2019.

CAF was accredited with the Green Climate Fund (GCF) in July 2015 under a fast-track process, in view of it being an AF-accredited NIE. The GCF imposed accreditation conditions which it subsequently reported in 2016 as having been fully met.

### **Assessment against the fast track re-accreditation criteria**

The assessment for fast-track re-accreditation has, in accordance with Board Decisions B.28/38 (Fast-track re-accreditation of implementing entities accredited with the Green Climate Fund), B.34/3 (Updated Re-accreditation Process) and B.32/36 (Accreditation Standards Related to Anti-Money-Laundering/Countering the Financing of Terrorism), focused on the following criteria:

- **The Fiduciary Standard related to the legal status** - The Panel notes that there has been no change to the legal personality of CAF and that it continues to have the authority and capacity to receive funds, to enter into contracts or agreements with international organizations, and serve as a plaintiff or defendant in a court of law. The ***Panel concludes that CAF continues to meet this criterion.***
- **Policies and Framework to deal with financial mismanagement and other forms of malpractice** - CAF has published its zero tolerance towards fraud, financial mismanagement and other forms of malpractice in the AF section of its main (Spanish language) website. Its Ethical Conduct Guidelines and Transparency Manual support this more implicitly across its operations for CAF officers and staff, as well as service providers, customers/collaborators and other third parties. It has demonstrated capability to receive reports of prohibited behavior, have them reviewed and take appropriate action where the behavior is confirmed.

CAF has ethical and transparency policies and procedures in place. Reporting of fraud and other prohibited behavior is facilitated by reporting channels publicly available on CAF's website and a commitment to protect whistleblowers from retaliation. There is a track record of both Ethics and Transparency Committees reviewing and addressing complaints of violations of these policies. The Transparency Manual provides that the Secretariat of the

Transparency Committee may be supported by internal or external auditors or external investigators in preparing cases for the Committee to review. CAF provided examples of cases investigated and disciplinary actions taken as a result.

CAF has established appropriate internal measures for anti-money laundering and countering the financing of terrorism (AML-CFT) commensurate with its nature as a financial institution. It has policies and mechanisms in place to discipline staff and to sanction third parties found to have engaged in prohibited practices, and evidence of management pursuing sanctions in response to Ethics and Transparency Committee reviews and recommendations.

On the basis of the above elements, the **Panel concludes that CAF continues to meet the related criteria.**

- **Commitment by the entity to apply the Fund’s Environmental and Social Policy (ESP) and Gender Policy** – CAF has provided a letter of commitment to abide by the AF Environmental and Social (E&S) and Gender Policies in AF-funded projects. This is supported by CAF’s institutional E&S and gender policies, which align to those of the AF. Further, CAF has action plans, organizational structures and processes to implement the policies across its portfolio of projects and programs, and its track record in ensuring these elements have been successfully addressed in approved AF projects. The **Panel concludes that CAF continues to meet this criterion.**
  
- **Mechanism to deal with complaints on environmental and social harms and gender harms caused by projects/programs** - In addition to general institutional complaint channels, CAF’s own E&S safeguard policies require projects to have grievance mechanisms in place agreed upon with the local population and appropriately disseminated and may use existing available mechanisms. CAF has demonstrated capacity to successfully address AF project grievance requirements in approved AF projects. The **Panel concludes that CAF continues to meet this criterion.**

### **Assessment of the implementing entity’s performance regarding quality at entry and project/programme implementation**

One (national) project has been under implementation for more than one year and its first PPR has been submitted and was cleared by the AF Secretariat in March 2020. The self-rating provided by the Implementing Entity is “satisfactory” and by the Executing Entity is “marginally satisfactory”. The latter rating is due mainly to project implementation delays encountered during the first semester of execution, and the reasons for such delay were not caused by the Implementing and the Executing Entity.

### **Recommendation**

The Accreditation Panel recommends that Corporación Andina de Fomento (CAF) be re-accredited under the fast-track approach as a Regional Implementing Entity (RIE) of the Adaptation Fund.