

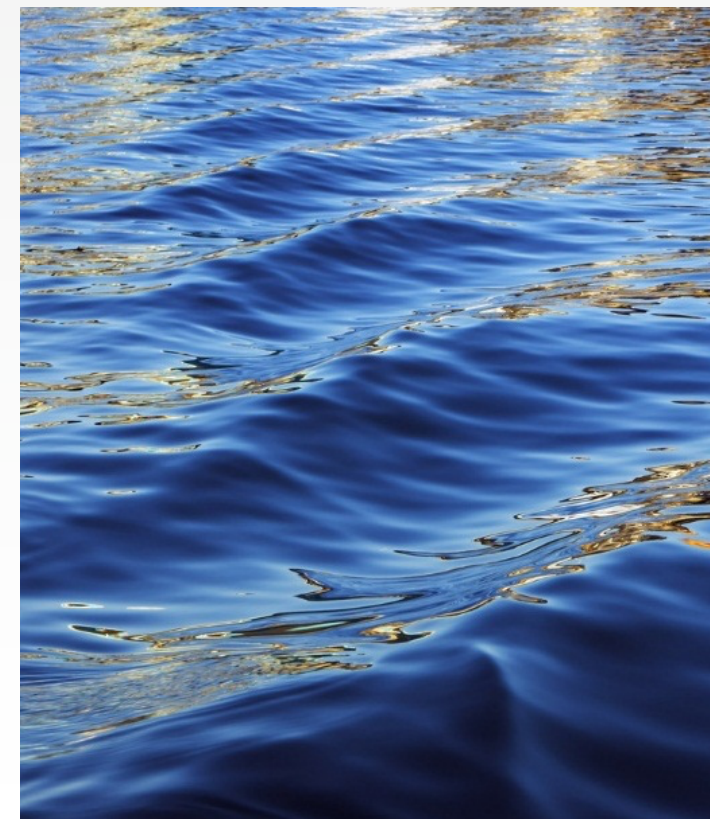


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Reaccreditation: Grace period, Implication of accreditation expiration and IE re- organization

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**2020 Annual NIE Seminar for accredited NIEs
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Background “Key Decisions”



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At its twenty-second meeting, the Board decided to adopt the re-accreditation process outlines in Annex III of the report of the fourteenth meeting of the Accreditation Panel (Document AFB/B.22/4).

At its twenty-eight meeting the Adaptation Fund Board decided to fast-track the re-accreditation of implementing entities accredited with the Green Climate Fund (GCF) within a period of four years prior to the submission of the re-accreditation application to the Adaptation Fund as described in document AFB/EFC/19/7 (Decision B.28/38).

At its thirtieth meeting the AF Board decided- Decision B.31/1- to adopt the updated re-accreditation process contained in Annex I to the Report of the twenty-seventh meeting of the Accreditation Panel.

Background “Key Decisions”



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At its thirty-third meeting the Board requested the secretariat to prepare and submit to the thirty-fourth meeting of the Board, a possible revision of re-accreditation policy, in collaboration with the Accreditation Panel, that would take into account its implication on the implementing entities' ongoing project implementation (Decision B.33/9).

RE-ACCREDITATION PROCESS **(Approved on 26 October 2013; Revised on 11 October 2019)**

https://www.adaptation-fund.org/wp-content/uploads/2016/05/Re-accreditation-process_revised-in-Oct-2019.pdf

New Deadlines



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NOTIFICATION BY THE SECRETARIAT

The secretariat will continue to send out notification letters to accredited entities **18 months prior to the expiration of the entity's accreditation**. In addition, the online accreditation system generates an automatic notification to the implementing entities.

SUBMISSION OF RE-ACCREDITATION APPLICATION

The implementing entity is strongly recommended to submit its re-accreditation application and supporting documentation through the online accreditation system maintained by the Secretariat, **12 months prior to its accreditation expiry date**. If the entity does not submit the application by its accreditation expiry date, the Panel will make a recommendation to the Board to change the status of the entity from “Accredited” to “Not-Accredited” at the accreditation expiry date.


ACQUISITION OF RE-ACCREDITATION


Acquisition of re-accreditation: The implementing entity is strongly recommended to achieve re-accreditation within **three years from its accreditation expiry date**. If the entity does not achieve re-accreditation within three years from its accreditation expiry date, the Panel will make a recommendation to the Board to change the status of the entity to “Not-Accredited”.


Status of an Implementing Entity



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-  **Accredited:** When an implementing entity achieves accreditation following a Board decision, its accreditation is valid for five years

-  **In Re-accreditation Process:** When an implementing entity submits its re-accreditation application before the accreditation expiry date, it acquires a status of “In Re-accreditation Process” at its accreditation expiry date, until it achieves re-accreditation within three years from the accreditation expiry date.

-  **Not-Accredited:** If an implementing entity does not submit re-accreditation application by its accreditation expiry date, or the entity does not achieve re-accreditation within three years from the accreditation expiry date, it acquires the status of “Not-Accredited” following a Board decision. Paragraph 7 (2) (i) and (ii) apply mutatis mutandis to this section.

Implication of the status of an Implementing Entity



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	Eligible to submit a new funding proposal	Eligible to participate in AF activities as IE	Eligible to be included in AF communications
(1) "Accredited"	Yes	Yes	Yes
(2) "In Re-accreditation Process"	No	Yes	Yes
(3) "Not Accredited"	No	No	No

Implication of accreditation expiration



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If the entity does not submit the application by its accreditation expiry date, the Panel will make a recommendation to the Board to change the status of the entity from “Accredited” to “Not-Accredited” at the accreditation expiry date, considering the following:

(i) If the IE is an NIE, the secretariat will send an official letter to the Designated Authority (DA) of the NIE’s country requesting the DA to officially communicate to the Board regarding the NIE pursuing re-accreditation, so that any response from the DA related to the IE’s intention of not pursuing re-accreditation process would be attached to the Accreditation Panel’s recommendation to change the IE’s status from “Accredited” to “Not-Accredited” to the Board. If the IE is an RIE, the secretariat would send such official letters to the DAs of its member countries that originally endorsed the application of accreditation of the RIE to the Fund. If the RIE has accessed the Fund’s financial resources, additional official letters would also be sent to the DAs of the countries where the Fund’s financed project is being implemented; and

Implication of accreditation expiration



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(ii) If the IE is implementing the project financed by the Fund and has not submitted the re-accreditation application by the date of accreditation expiration, in order to obtain a grace period for achieving re-accreditation before the completion of the project or within three years from its accreditation expiry date, it shall submit to the Board, through its secretariat, an official request for a grace period with an official letter from IE to confirm its commitment to achieve re-accreditation during the grace period.

Official letter(s) from the DA(s) related to re-accreditation of the IE and the Fund's ongoing project implemented by the IE would be considered by the Board: if the IE is an NIE, such letter from the DA of the NIE's country to be considered; and if the IE is an RIE, such official letters from the DAs of the RIE member countries that originally endorsed the application of accreditation of the RIE to the Fund and, if the RIE has accessed the Fund's financial resources, additional official letters from the DAs of the countries where the Fund's project is implemented would also be considered

Implications of the reorganization of an implementing entity

Having considered the comments and recommendation of the Ethics and Finance Committee (EFC), the Adaptation Fund Board (the Board) decided:

- a) To approve the process to address implications of the implementing entity's reorganization in terms of project implementation and the process to address implications on accreditation and/or re-accreditation process, as described in document AFB/EFC.24/3/Rev.1;
- b) To request the secretariat to communicate this decision and document AFB/EFC.24/3/Rev.1 to the implementing entities; and
- c) To request the implementing entities to communicate any reorganization to the secretariat as early as possible.

Instances where IE Reorganization may occur



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- ❑ An IE may be reorganized due to, inter alia:
 - Dissolution or division
 - Merger or affiliation with another entity
 - Acquisition of or by another entity

- ❑ IE reorganization affects the Fund's operations, particularly in terms of:
 - Project implementation and
 - Accreditation/re-accreditation
- Fund's relevant experiences: Three Cases

- ❑ Acknowledges the difficulty of describing and predicting all the possible situations, forms and/or types of reorganization of IE.
- ❑ Intended to **provide more predictability and consistency to the process on how the Fund deals with IE reorganization in terms of:**
 - Project implementation and
 - Accreditation and re-accreditation process
- ❑ The examples related to the assessment and procedures to be involved : an ‘indicative list,’ rather than an exhaustive list.
- ❑ Document available at: https://www.adaptation-fund.org/wp-content/uploads/2019/02/AFB.EFC_.24.3.Rev_.1_-Implications-of-reorganization-of-IE_final.pdf

Processes to address the implications of IE Reorganization

(i) Project implementation



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- ❑ IE reorganization has implications on project implementation (e.g., amendment to legal agreement, disbursement of AF grant, responsibilities and liabilities related to AF project etc.).
- ❑ This will be mainly dealt with by the Secretariat (together with the trustee as appropriate/necessary). This includes:
 - Assessing implications on project implementation
 - Proposing necessary action(s) to the Board: draft Board decisions; amendment to the project agreement; pending disbursement of the Fund's grants; transfer of responsibilities & liabilities related to project
- ❑ The Accreditation Panel (AP) is not involved in this process unless circumstances requires AP's assessment to address IE reorganization's impacts on project implementation.

Processes to address the implications of IE Reorganization

(ii) Accreditation/Re-accreditation



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- ❑ This process will not apply when the changes to the IE are confined to its name.
- ❑ If the reorganization goes beyond a name change, the Panel will assess whether or not the reorganization of the IE led to a material change.
 - Happens when **essential capacities, policies, systems and procedures demonstrated at the IE's accreditation stage have been substantially weakened in the re-organized entity.**
- ❑ The conclusion of the Panel's assessment could take two forms:
 - **Re-organized entity is eligible to pursue re-accreditation process as it is deemed as successor IE; and**
 - **Re-organized entity needs to pursue 'accreditation' as a new IE applicant.**

Two parallel Processes to Address the implications of IE Reorganization



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	(i) Process to address the implications on project implementation	(ii) Process to address the implications on accreditation/re-accreditation process
Triggers when:	When IE has a project(s) financed by AF at the time of reorganization	When the changes to IE go beyond its name change , to determine whether the reorganized entity needs to pursue re-accreditation or accreditation
Who & What	Secretariat, in collaboration with Trustee: <ul style="list-style-type: none"> Assess implications on project implementation Propose necessary action(s) to the Board: draft Board decisions; amendment to the project agreement; pending disbursement of the Fund's grants; transfer of responsibilities & liabilities related to project 	Accreditation Panel: <ul style="list-style-type: none"> Assess the scope of re-organization to determine whether reorganization caused material change in terms of its legal, institutional & organizational aspects so that the essential capacities, systems and policies (that IE demonstrated to have at its accreditation) have been substantially weakened in re-organized entity Conclude: Reorganized entity is eligible for either <u>(a) re-accreditation process as successor IE or (b) accreditation process as new IE applicant</u>

Four Scenarios of IE Reorganization - Summary



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<div>Change Type</div> <div>IE Type</div>	Name Change	Beyond Name Change (Due to legal , institutional and/or organizational change)
IE with no AF project	<p>(1) Secretariat's verification process for IE name change</p> <p>(2) As an outcome of (1), IE eligible for Re-accreditation process</p>	<p>(3) AP assessment <i>to determine whether the essential capacities, policies, systems and procedures that the IE demonstrated to have at its accreditation stage have been substantially weakened in the re-organized entity</i></p> <p><i>- If Yes, accreditation process as new IE applicant</i></p> <p><i>-If no, re-accreditation process as successor IE</i></p>
IE with AF project	<p>Together with (1) & (2), (4) Secretariat address the impacts of IE name change on arrangement for project implementation (in collaboration with trustee, as necessary and appropriate)</p>	<p>Together with (3) (5) Secretariat and trustee address the <i>impacts of IE reorganization on arrangement for project implementation</i></p>

Verification Process for IE Name Change by the Secretariat



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- ☐ The verification process is initiated by the Secretariat upon receipt of an official communication from the IE or DA on the IE's name change.
- ☐ IE is expected to submit supporting documents to evidence its name change.
- ☐ The supporting documents to be submitted by an IE vary and depend on the IE's organization type:
 - Government entity, political subdivision, instrumentality of government;
 - Incorporated organization;
 - Unincorporated association; or
 - A trust.
- ☐ For each of these IE organization type, an indicative list of examples have been provided in [Document AFB/EFC.24/3](#).

Case Study: Case 001 – NIE's Name Change



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- ❑ The name of the NIE had changed but the entity has no AF project.
- ❑ Among other documentations, the IE shared with the Secretariat two legal decrees related to the NIE and re-named NIE respectively
- ❑ Results of the Secretariat's verification process for the name change:
 - ***The two Decrees demonstrated that legal foundation of the NIE stayed the same, and the legal capacity continued to exist despite its name change, and that the mandate and functions of the renamed NIE were similar to but expanded from those of the NIE.***
 - ***The NIE obtained re-accreditation.***
- ❑ As there was no project financed by the Fund, the process to address the impacts on project implementation was not required.

Case 002 – Reorganization of NIE (w/ AF project) being split into two ministries



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- ❑ Case 002 was reorganized into Ministry of Env't (MoE) during re-accreditation process.
- ❑ IE was **implementing AF project** and was undergoing the **fast-track re-accreditation process**.
- ❑ Verification Process by the **Secretariat & Trustee** included deliberations on issues such as: *(i) Whether the reorganized entity could serve as a legal successor to NIE to continue to implement the project; (ii) Transfer of the last tranche of project funding; (iii) Necessary arrangements for the implementation of the ongoing Fund's project.*
- ❑ [Board Decision AFB/B.31-32/20](#) authorized MOE to assume the implementation role for the project for the final period of implementation, including all relevant **responsibilities, obligations and liabilities**.
- ❑ The Panel **concluded** that the reorganized entity has inherited and maintained the essential policies, standards, capacities, and can be deemed a successor IE eligible for re-accreditation process.

Case 003 – Reorganization of NIE (w/ AF project) being absorbed into the structure of its original supervising gov't ministry



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- ❑ NIE was an autonomous government entity, and its reorganization led to it being absorbed into the structure within its original supervising ministry of the government.
- ❑ NIE had been implementing **two projects** and undergoing **fast-track re-accreditation process**.
- ❑ Verification Process: AP assessed whether the **essential capacities, policies, systems and procedures** that the NIE demonstrated to have at its accreditation stage had been substantially weakened in the reorganized entity or not.
 - This helped determining whether the reorganized entity was eligible for accreditation **as new IE applicant or re-accreditation as successor IE**.
- ❑ The secretariat reviewed the status of the projects as well as the remaining obligations and responsibilities to ensure that all the responsibilities and obligations of the NIE were fulfilled by the reorganized entity.
- ❑ The reorganized entity was re-accredited



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