



ADAPTATION FUND

30 November 2020

Adaptation Fund Board

Accreditation Panel Recommendation on the Fast-Track Re-accreditation of the United Nations Environment Programme (UNEP) as a Multilateral Implementing Entity (MIE) of the Adaptation Fund

Having reviewed the fast-track re-accreditation application of the United Nations Environment Programme (UNEP), the Accreditation Panel recommended that UNEP be re-accredited as a Multilateral Implementing Entity (MIE) 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 United Nations Environment Programme (UNEP)* 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 re-accreditation expiration date is 29/11/2025.

Decision B.35-36/1

ANNEX I: REPORT OF THE ACCREDITATION PANEL ON AN ASSESSMENT OF THE UNITED NATIONS ENVIRONMENT PROGRAMME (UNEP) FOR FAST-TRACK RE-ACCREDITATION AS A MULTILATERAL IMPLEMENTING ENTITY (MIE) OF THE ADAPTATION FUND.

THE APPLICANT

About the United Nations Environment Programme (UNEP)

The [United Nations Environment Programme](#) (UNEP or UN Environment)¹ is the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the [United Nations system](#), and serves as an authoritative advocate for the global environment. It was established by the General Assembly Resolution 2997 (XXVII) on 15 December 1972 as a subsidiary organ of the United Nations General Assembly and as such, it is part of the UN Secretariat. It is one of the Programmes of the United Nations.

UNEP's mission is to provide leadership and encourage partnership in caring for the environment by inspiring, informing, and enabling nations and peoples to improve their quality of life without compromising that of future generations.² The thematic areas of its work are climate change, disasters and conflicts, ecosystem management, environmental governance, chemicals and waste, resource efficiency, and environment under review with an overarching commitment to sustainability.

Where and How UNEP Works

Headquartered in Nairobi, Kenya, UNEP maintains 20 offices around the world, one of which is the liaison office in New York headed by an Assistant Secretary-General which serves as the Secretariat of the UN Environment Management Group.³ UNEP works with a growing network of collaborating centres of excellence and hosts 18 secretariats and conventions of many critical multilateral environmental agreements and research bodies, bringing together nations and the environmental community to tackle today's challenges. And every year, UNEP [honors](#) individuals and institutions that are doing outstanding work on behalf of the environment.

UN Environment believes that the commitment and genuine involvement of all social groups is critical to the effective implementation of the objectives, policies and mechanisms in the field of environment and development. In realizing its Programme of Work, UNEP collaborates with implementing and executing partners from Major Groups and Stakeholders, relying on their expertise, capacity building and outreach abilities and regional, national and local presence. These are business and industry; children and youth; farmers; indigenous peoples and their communities; local authorities; non-governmental organizations; scientific and technological community; women; and workers and trade unions. They could either be participating and

¹ For purposes of this report, the acronym UNEP is used, however, in some documents that are quoted here, the entity is referred to as UN Environment.

² <https://www.unenvironment.org/about-un-environment>

³ The UN Environment Management Group was established to enhance UN system-wide inter-agency coordination related to specific issues in the field of environment and human settlements. It has 51 Member Agencies who gather at the annual Senior Officials Meeting (SOM) and its respective technical segment, in the margins of the UN General Assembly.

engaging in international environmental policy; providing scientific and technical expertise; and acting as experts, watchdogs, and multipliers.⁴

Governance

UNEP has a three tiered governance structure consisting of the United Nations Environment Assembly (UNEA) ⁵ the Committee of Permanent Representatives (CPR), and the UNEP Secretariat.

The United Nations Environment Assembly

The United Nations Environment Assembly (UNEA or Environment Assembly)⁶ is the world's highest-level decision-making body on the environment. It sets priorities for global environmental policies and develop international environmental law and through its resolutions and calls to action provides leadership and catalyzes intergovernmental action on the environment. The UN General Assembly (UNGA) Resolution A.66/288 established the UNEA as the apex governing body of UNEP replacing its Governing Council and instituted universal membership by the 193 UN Member States. The UNGA also introduced other measures such as: strengthening its governance as well as its responsiveness and accountability to Member States; ensuring a secure, stable, adequate and increased financial resources from the regular budget of the UN Secretariat and voluntary contributions; enhancing the voice of UNEP; promoting a strong science-policy interface; disseminating and sharing evidence-based environmental information; providing capacity building to countries; and consolidating headquarters functions in Nairobi. The UNGA Resolution further provided that such change in designation in no way changed nor will change the present mandate, aims and purposes of UNEP or the role and functions of its governing body.

The Committee of Permanent Representatives

The second tier is the Committee of Permanent Representatives (CPR) which is an open-ended committee of permanent representatives as the main inter-sessional organ of the UNEA. The CPR prepares the meetings of the UN Environment Assembly and regularly reviews the implementation of its decisions and meets four times a year.⁷

The CPR was formally established as a subsidiary organ of the [Governing Council](#) (now the United Nations Environment Assembly) in May 1985 and is composed of all [accredited Permanent Representatives](#) to UNEP.⁸ While open-ended, membership in the CPR is limited to *“the representatives of all Member States of the United Nations and members of its specialized agencies, and the European Community, accredited to the UN Environment, whether based in Nairobi or outside”* (Governing Council decision 19/32, paragraph 8).⁹

The UNEP Secretariat

⁴ <https://www.unenvironment.org/civil-society-engagement/why-civil-society-matters/major-groups-stakeholders>

⁵ The United Nations General Assembly replaced UNEP's highest level of governance from the former Governing Council to the United Nations Environment Assembly and adopting universal membership of all UN Member States.

⁶ For purposes of this report, the acronym UNEA is used, however, in some documents that are quoted here, the entity is referred to as Environment Assembly.

⁷ <https://www.unenvironment.org/cpr/committee-permanent-representatives>

⁸ <https://www.unenvironment.org/cpr>

⁹ <https://wedocs.unep.org/bitstream/handle/20.500.11822/30159/CPR%20directorynew.pdf?sequence=1&isAllowed=y>

The Executive Director heads the UNEP Secretariat who is elected by the United Nations General Assembly upon nomination by the Secretary-General (UNSG). The Executive Director is assisted by a Deputy Executive Director, several Directors and the Staff of UNEP.

The United Nations Secretariat and the UNEP Secretariat

UNEP is one of the Funds and Programmes of the United Nations and its Secretariat is part of the United Nations Secretariat (UNS) particularly on administration and oversight functions.¹⁰ With this arrangement, the UN Financial Regulations and Rules (FRR); Staff Regulations and Rules (SRR) apply to UNEP, except some provisions in the SRR that were delegated by the UNSG to the Executive Director; as well as all UN Administrative Instructions and Secretary General's Bulletins. The UN Office of Internal Oversight Services (OIOS) is responsible for the internal audit and investigations functions of UNEP while the Evaluation Division of OIOS provides guidance to the Evaluation Office of UNEP. External audit function is discharged by the UN Board of Auditors.

Sources of Funding and Resource Mobilization

UNEP has four types of funding: regular budget (assessed);¹¹ Environment Fund (unearmarked voluntary contributions); loosely earmarked; and earmarked (from Member States, including "vertical funds" for specific projects approved by donors to expand UNEP core activities).

The core source of flexible funds of UNEP is the Environment Fund which supports the implementation of its programme of work and is endorsed by its 193 Member States. Contributions to the Environment Fund is based on a "fair share" that each Member State is encouraged to contribute and is referred to as Voluntary Indicative Scale of Contributions (VISC). The VISC is based on the UN scale of assessment, but also takes into account other criteria, such as each Member State's economic and social circumstances, previous high levels of contributions etc. Based on these criteria, the VISC proposes the percentage that each Member State could contribute to the UNEP's Environment Fund.¹²

About 95 per cent of UNEP's income is earmarked (either to specific project, theme, country, etc.) which enables it to expand and replicate its programme in more countries and with more partners. In 2019, UNEP received US\$42.2 million in earmarked contributions and the four main providers were the [Global Environment Facility](#), [Green Climate Fund](#), [Germany](#) and the [European Commission](#). Contributions from the Adaptation Fund are also accounted for as earmarked funds.

The portfolio of UNEP for climate change mitigation project is over US\$ 400 million as at the end of 2019.

¹⁰ https://www.un.org/en/pdfs/un_system_chart.pdf

¹¹ This is from the UN Regular Budget representing about 5% of its core budget as provided in the GA Resolution.

¹² <https://www.unenvironment.org/about-un-environment-programme/funding-and-partnerships/funding-facts/environment-fund>

ASSESSMENT FOR FAST-TRACK RE-ACCREDITATION

The Fund first accredited UNEP in 2010 and re-accredited it in 2015. This re-accreditation is the first under the fast-track process having been accredited through the fast-track accreditation process by the Green Climate Fund in 2015 based on its accreditation with the Adaptation Fund.

This assessment for fast-track re-accreditation was conducted on the criteria set out in Board Decision B.28/38 (Fast-Track Re-Accreditation of Implementing Entities Accredited with the Green Climate Fund) based on AFB/EFC.19.7 and its Addendum of December 2016; Decision B.31/1 (Focus Areas of Review of a Fast-Track Re-Accreditation) based on AFB/B.31/7 of March 2018; Decision B.32/36 (Accreditation Standards Related to Anti Money-Laundering/Countering the Financing of Terrorism) based on AFB/EFC.23/4 of September 2018; and Decision B.34/3 (Revised Re-Accreditation Process) based on AFB/B.34/5 of October 2019 and its annexes, as follows:

- ❖ **The Fiduciary Standard related to the legal status** – There was a change in the governance structure whereby the former Governing Council was renamed the United Nations Environment Assembly and changing its membership to universal for all UN Member States. However, this did not entail any change in legal status or the mandate of UNEP. The Panel concluded that UNEP continues to fully meet AF requirements by having the legal personality, the capacity to directly receive funds, legal authority to enter into contracts or agreements with international organizations, and the legal capacity to serve as a plaintiff or defendant in a court of law.
- ❖ **Policies and Framework to deal with financial mismanagement and other forms of malpractice** – Under the guidance, support, regulations and rules, and policies of the UNS, UNEP has strengthened its policy of zero tolerance and capacity and processes in dealing with financial mismanagement and other forms of malpractice by staff members, consultants, suppliers, and other external parties conducting business with the Organization. Being a Programme of the UN, UNEP adopts the policies and framework of the UNS which it operationalized by issuing its own Interim Anti-Fraud and Anti-Corruption Guidelines and instituted a framework that facilitates the implementation of anti-fraud and corruption policies and procedures; preventive measures in deterring fraudulent acts and other malpractices, and in whistleblower protection as well as issues relating to staff discrimination, harassment, including sexual harassment, and abuse of authority.

UNEP has the capacity to initiate or conduct investigations on complaints and reports received by the Executive Director or the Corporate Services Division and collaborates very closely with the Office of Internal Oversight Services (OIOS) of the United Nations. OIOS can also directly receive reports from whistleblowers and other complainants and investigate any allegations of fraud and corruption and other forms of misconduct. OIOS also has the authority to receive and investigate any complaints relating to sexual harassment and abuse of authority as well as the handling of grievances about environmental and social and gender harms caused by projects, if such complaints are not appropriately resolved by UNEP.

OIOS submits reports on all complaints and grievances received, cases investigated, completed and its conclusions and recommendations for decisions and actions, respectively, to both the Programme Managers of the concerned UN organization and the UN Secretary-General through the Assistant Secretary-General for OHRM and providing copies thereof to the UN Board of Auditors. And on an annual basis, the UN Under-Secretary-General for

Management issues a report informing staff members of the practice of the Secretary-General in exercising his authority in disciplinary matters pursuant to the relevant regulations and rules. UNEP demonstrated to the Panel its capacity to have an objective investigation function through sample reports of actual cases.

On anti-money laundering (AML) and countering the financing of terrorism (CFT), UNEP adheres to all the relevant Security Council and General Assembly Resolutions as well as the Secretary-General's Bulletins and Administrative Instructions. UNEP adopts the UN policies and procedures, screening systems that documents all forms of remittances to individuals and entities, as well as the decision-making process involving the investigation and handling of any identified risks related to any individuals and/or entities.

- ❖ **Commitment by the entity to apply the Fund's Environmental and Social and Gender Policy** – The Executive Director wrote a letter to the Adaptation Fund on 11 September 2020 declaring UNEP's continued commitment to abide by the environmental and social and gender policies on projects financed by the Adaptation Fund. This commitment is also indicated in all project concept notes and documents that UNEP has been submitting proposals to the Fund.

UNEP has issued its recent *Environmental, Social and Sustainability Framework* (ESSF) to improve its business practices and adopt the common approach to environmental and social standard for UN system-wide programming as recommended by the UN Environment Management Group. UNEP also formulated its policies on partnerships and on private sector engagement and continued to enhance its procedures and tools for the implementation of environmental and social and gender policies.

UNEP has a robust Gender Policy and it emphasized the integration of gender considerations in the *Medium-Term Strategy* (2018-2021) and *Strategic Framework and Programme of Work* (2018-2019). However, its *Policy and Strategy for Gender Equality and Environment* is being currently updated as a complete gender mainstreaming policy statement and operational framework to guide the Organization's work to take into account Covid-19 and the SDGS; adopting UN conventions and agreement for global mandate for gender equality and women's empowerment; and participating at the *United Nations System-Wide Action Plan* (UN SWAP) on *Gender Equality and the Empowerment of Women* (GEEW) as basis for the new Medium Term Strategy (2022-2025). It also has an array of procedures and tools for the implementation of gender policies and strategies in both programmes and projects such as: the *Global Gender and Environment Outlook* (GGEO), gender considerations during project reviews, a *Gender Market System*, and a *Gender and Environment: Support Kit*. Finally, UNEP has adopted the UN Secretariat's policies on gender related matters particularly on gender discrimination, harassment, and abuse of authority within the Organization.

UNEP's environmental and social and gender policies and standards are assessed as closely aligned with that of the Fund.

- ❖ **Mechanisms to address complaints on environmental and social harms and gender harms caused by projects/programs** – UNEP has issued frameworks and instituted several mechanisms and avenues to receive reports, concerns, complaints and grievances that stakeholders and other third parties may have over its proposed or on-going projects as well as how these are to be addressed or handled. These include the *Stakeholder Response Mechanism*, enhancement of the *Access-to-Information Policy*, and the promotion of the roles of *Environmental Defenders*, and set up in its website an *Environmental Governance Update* – December 2019. UNEP indicated that so far, no complaints had been received on

environmental and social and gender concerns lodged by third parties or by any of its executing agencies in respect of its own projects.

Conclusion and Recommendation

The Accreditation Panel concludes that the United Nations Environment Programme meets the criteria for fast-track re-accreditation as a Multilateral Implementing Entity of the Adaptation Fund. The Organization demonstrated continued full compliance with the fiduciary standard related to legal status; the existence of appropriate policies and frameworks for dealing with fraud, financial mismanagement and other forms of malpractice including those relating to anti-money laundering and countering the financing of terrorism; the commitment to apply the environmental and social and gender policies on AF funded projects; and robust applicable grievance mechanisms to deal with complaints on environmental and social and gender harms that projects may cause.

UNEP is recommended for fast-track re- accreditation as a Multilateral Implementing Entity by the Adaptation Fund Board.