



ADAPTATION FUND

6 September 2022

Adaptation Fund Board

Accreditation Panel Recommendation on the Re-accreditation of Fundación Natura of Panama as a National Implementing Entity (NIE) of the Adaptation Fund

Having reviewed the re-accreditation application of Fundación Natura, the Accreditation Panel recommended that Fundación Natura be re-accredited as a National Implementing Entity (NIE) 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 re-accreditation process approved by Decisions B.34/3, the Adaptation Fund Board decided to re-accredit ***Fundación Natura*** of Panama, as a National Implementing Entity (NIE) of the Adaptation Fund for five years, as per paragraph 39 of the operational policies and guidelines for Parties to access resources from the Adaptation Fund. The accreditation expiration date is 5 September 2027.

Decision B.38-39/17

ANNEX I

REPORT OF THE ACCREDITATION PANEL ON AN ASSESSMENT OF FUNDACIÓN NATURA FOR THE REGULAR RE- ACCREDITATION AS A NATIONAL IMPLEMENTING ENTITY (NIE) OF THE ADAPTATION FUND

BACKGROUND

Fundación Natura (The Foundation for Conservation of Natural Resources, <https://naturapanama.org>, headquartered in Panama City, Panama and established in 1991) is a non-profit organization for the protection and conservation of the natural heritage of the Republic of Panama. Its main activity is to manage as trustee the donations program of the Environmental Trust Fund of Panama FIDECO (ETFP-FIDECO (<https://www.naturapanama.org/en/fondo-fideco/>)), established jointly by the Government of Panama and The Nature Conservancy (TNC, <https://www.nature.org/en-us/>) in 1995.

Fundación Natura was first accredited in April 2015. The Adaptation Fund (AF) Board approved in June 2017 a three-year project titled “Adapting to climate change through integrated water management in Panama”, submitted by Fundación Natura for a requested amount of US\$ 9,967,559 (Decision B.29/13), fully disbursed to date. The project was extended due to delays caused by the impacts of hurricane Eta in November 2020 in some areas where the project is implemented, and personnel turnover due to government change. For purposes of this re-accreditation application, Fundación Natura provided documents in the workflow and additional documents in response to questions the Panel developed during the review. The Panel also considered other information in Fundación Natura’s and other relevant websites.

THE APPLICANT – FUNDACIÓN NATURA

Fundación Natura is governed by a Board of Trustees (“Junto de Sindicos”), which has the power to elect a President, a Vice President, and a Treasurer from among its members. The Board also appoints the Executive Director of the foundation, and may create committees (three to date: audit, finance, and technical), councils, and other organisms as needed. It also approves the foundation’s annual financial audited accounts. The Board of Trustees comprises no less than 7 and no more than 9 members. The members are representatives of various public associations, institutions, authorities, and government ministries in Panama—these include the Ministry of Environment (the Designated Authority, and formerly ANAM), the Ministry of Finance, the Executive Office of the President of the Republic of Panama, the national trade association, and the Panama Canal, among others.

TNC commissioned an evaluation of Fundación Natura regarding its performance as trustee for FIDECO donations. The report on the most recent evaluation, which periodically take place every four to six years, covers the period from 2014 to 2017, and was issued in September 2021, delayed because of the COVID pandemic. The evaluation’s conclusions are largely positive for Fundación Natura.

ASSESSMENT FOR REGULAR RE-ACCREDITATION

Fundación Natura is being assessed for a regular re-accreditation based on EB Decision B.34/3 (Updated Re-accreditation Process) based on [Document AFB/B.34/5](#) (Annex II). 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 based on [Document AFB/EFC.23/4](#). As Fundación Natura is already implementing an AF project this assessment relied on implementation progress reports available at the AF Secretariat and,

hence, did not assess the criteria for institutional capacity related to projects during implementation (criteria 6, 7 and 8) as set out in Annex II of Document AFB/B.34/5.

Financial Management and Fiduciary Standards

- **Legal Status** – There have been no changes in legal status since its initial accreditation. Fundación Natura, in accordance with its statute, has its own legal personality, the capacity to receive funds directly from donors/organizations, the authority to enter into contracts or agreement with international organizations, and the capacity to represent itself as plaintiff or defendant in legal processes.
- **Financial statements including Project Accounts and Provisions for Internal and External Audits** – Fundación Natura’s Audited Financial Statements (AFS) comply with International Financial Reporting Standards for Small and Medium-Sized Entities—it submitted its AFS for several years, all with unqualified audit opinions. Its external auditor is a reputable international firm, which conducted its audits in accordance with international standards on audit. Since its initial accreditation, Fundación Natura has upgraded its financial and accounting information system to a new Enterprise Resource Planning system. Internal audit services are provided by International Organization for Standardization (ISO)-trained internal auditors, who audit operations from which they are independent. Internal audits are planned, cover the main areas of the quality management system in place, applying risk concepts, and results are reported to the Board of Trustees. The internal audit services are regularly subject to external/independent certification by ISO. The audit committee is an independent advisory body charged with the oversight of external and internal audit, and internal controls, and it reports to the governing body. Therefore, the Panel concluded that Fundación Natura have a functionally independent internal auditing in accordance with international standards.
- **Internal Control Framework** – Fundación Natura’s internal control framework is supported by its senior management’s annual internal control statements, describing the management structure, documented guidance, policies and procedures, as well as an integrated quality management system, certified by ISO as ISO 9001 compliant.
- **Policies and procedures, screening and decision-making related to anti-money laundering/countering the financing of terrorism (AML/CFT) on disbursements, procurement, and handling instances of non-compliance to these policies and procedures, and laws** – Fundación Natura meets the criterion, and demonstrated to the Panel that it has in place effective AML/CFT policies (adhering to UN Security Council resolutions, and UN sanctions lists), standards, and internal controls, enhanced since the initial accreditation, to ensure that payments/disbursements are made and used only for the purpose for which the financing was granted or legitimate invoices for goods and services procured. The policies include corrective measures and sanctions in cases of breaches of law, fraud, and corruption.
- **Preparation of Business Plans and Budgets and Ability to Monitor Expenditure in Line with Budgets** – Fundación Natura has adopted a five-year rolling strategic planning horizon (currently 2018-2023, approved by the Board of Trustees), supporting also its future solvency based on stable income from donors. The strategic plan provides the basis for the annual budget, which itself provides the basis for the annual workplan—all three

documents are monitored and approved by the Board of Trustees that receives annual and quarterly progress reports.

Requisite Institutional Capacity

- **Procurement** – Fundación Natura has documented procurement policies and procedures consistent with recognized practices, including dispute resolution procedures. Implementation of the policies and procedures is subject to regular internal audit review, for which no significant deviations have been reported.
- **Project Management - Project Closure and Evaluation** – It has appropriate policies and operational procedures, systems and technical resources in place to execute and oversee the execution and closure/completion of programs and projects. It provided examples demonstrating its capacity in this regard, including satisfactory project progress reports.

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

- **Policies and Framework for Dealing with Financial Mismanagement and Other Forms of Malpractices** – Fundación Natura has a zero-tolerance policy as an integral part of its fraud prevention policy, also posted on its public website, and it has “zero tolerance” for any type of fraud, corruption and other proscribed practices, also listed in its Code of Ethics which is likewise on the website. Its anti-corruption policy and its code of ethics elaborate on the procedures and mechanisms to deal with financial mismanagement and other forms of malpractice. Its investigation function is handled by the Ethics Committee, and extensive information has been provided on its procedures. In addition, evidence was provided on the handling of specific cases.
- **Commitment by the entity to apply the Fund’s Environmental and Social (E&S) Policy and Gender Policy** – Fundación Natura’s top management has committed to abide by the AF’s Environmental and Social and Gender (ES/G) policies. Its adherence to these policies is supported by the review conducted by the Panel’s ES/G expert consultant of the Fundación Natura ES/G policies, and the satisfactory way in which it has addressed related issues in the current AF project under implementation.
- **Mechanism to Deal with complaints on Environmental and Social Harms and Gender Harms Caused by Projects/Programmes** – Fundación Natura has a complaint mechanism and appropriate handling procedures described on its public website. To date no grievances have been reported.

CONCLUSION

The Accreditation Panel concludes that Fundación Natura meets the financial management and fiduciary standards, has requisite institutional capacity, and transparency, self-investigative powers, and anti-corruption measures.

It is therefore recommended that Fundación Natura be re-accredited as a National Implementing Entity of the Adaptation Fund.