



ADAPTATION FUND

AFB/B.39/13
7 October 2022

Adaptation Fund Board
Thirty-ninth meeting
Bonn, Germany 13-14 October 2022

Agenda item 5 b)

**REPORT OF THE TASK FORCE ON THE MATTERS
RELATED TO TOP-LEVEL MANAGEMENT STATEMENT
TO BE SUBMITTED BY IMPLEMENTING ENTITIES FOR
ACCREDITATION AND RE-ACCREDITATION**

Background

1. This document provides updates on the matter of the top-level management statement communicating applicant entities' commitment to abide by/comply with the Adaptation Fund's Environmental and Social Policy (ESP) and Gender Policy (GP) (hereinafter, "TLMS") in response to Decision B.38/3. The TLMS is required in criterion 11 of the accreditation and re-accreditation applications.

2. At its thirty-sixth meeting, *having considered document AFB/B.36/9 and its annexes I and II, and document AFB/B.36/9/Add.1, the Adaptation Fund Board decided:*

(a) To maintain the status quo of the requirement of "top-level management statement communicating the entity's commitment to abide by the Adaptation Fund's environmental and social policy and gender policy" (TLMS) for accreditation and reaccreditation;

(b) To request the secretariat to communicate the present decision to the implementing entities and applicants that have refused or failed to submit the TLMS as required.

Decision B.36/43

3. The topic of top-level management statement was discussed by the Adaptation Fund Board (the Board) at its thirty-eighth meeting held on 7-8 April 2022 (confidential document AFB/B.38/4/Add.2/Rev.1).

4. At the thirty-eighth meeting, the Board, after considering confidential document AFB/B.38/4/Add.2/Rev.1, decided:

(a) To postpone its consideration of the reaccreditation applications of the implementing entities that have failed or refused to submit the top-level management statement (TLMS) required for accreditation and reaccreditation until its thirty-ninth meeting;

(b) To establish a task force to provide additional input to the secretariat on the nine options for addressing the TLMS-related matters outlined in document AFB/B.35.b/4/Add.1, taking into account the information set out in the documents;

(c) To elect the following as members of the task force, to serve until the thirty-ninth meeting of the Board, to perform the task described in subparagraph (b), above:

(i) Mr. Kevin Adams (United States of America, Annex 1 Parties);

(ii) Mr. Michai Robertson (Antigua and Barbuda, Small Island Developing States);

(iii) Mr. Mattias Bachmann (Switzerland, Western European and Others Group);

(iv) Mr. Idy Niang (Senegal, Africa);

(Decision B.38/3)

5. As per Decision B.38/3, the secretariat held two virtual meetings with members of the TLMS Task Force. During the call on 6 September 2022, the secretariat indicated that it had commissioned the services to two consultants – a member of the Accreditation Panel and an ESP and GP expert – who had prepared a draft TLMS template. This template was subsequently shared with the four applicant Multilateral Implementing Entities (MIEs) that had declined to issue the required TLMS in their respective re-accreditation processes, for their input. To provide a context for the discussion, the secretariat presented to the Task Force, the feedback it had received from the four applicant MIEs, which is contained in the confidential Addendum to this document. The relevant revisions made by the MIE applicants are highlighted in red in the respective feedback documents.

6. Following virtual inputs from members of the Task Force, the secretariat convened a follow up meeting with the Task Force on 22 September 2022, during which members revisited and discussed the four options selected by the Board as the most feasible through the intersessional (B.35-36) survey as contained in confidential document AFB/B.38/4/Add.2/Rev.1¹ and confidential document AFB/B.38/4/Add.3². These options are as listed below:

- *Option 1: status quo*
- *Option 2: Allowing some conditions in the TLMS (only commit to Fund policies that will not violate the IE's own policies with requirement of submission of document to justify such violation)*
- *Option 3: Reframing the TLMS commitment (either to abide by the Fund's ESP and GP or to abide by 'principles of ESP and GP' as elaborated in a document which the secretariat will prepare by taking essential principles verbatim from the Fund's ESP and GP)*
- *Option 5: Committing to functional equivalence (committing to IE's own ESG/GP with requirement of submission of third-party's independent review on its functional equivalence to compliance with the Fund's ESP and GP).*

7. After considering inputs from members of the Task Force and the feedback the secretariat had received from the four MIEs, the Task Force deliberated on potential options and concluded that an alternative formulation of the TLMS template would be necessary. The Task Force further emphasized the need to have a template that is not complicated and is applicable to all IE applicant categories.

8. During the call, the secretariat confirmed that as part of the accreditation and re-accreditation process, an applicant implementing entity (IE) could be required to confirm that the application of the IE's own ESP and GP enables the IE to comply with the Fund's Environmental and Social Policy and Gender Policy. It was further clarified that at the level of project supported

¹ The status of the top-level management statement (TLMS) to be submitted by implementing entities for accreditation and re-accreditation. This document was submitted as a confidential addendum to the report of the 37th meeting of the Accreditation Panel

² Documents previously submitted to the Board (B.35.b/4, intersessional B.35-36, and B.36) related to the matter of application of the environmental and social policy by implementing entities

by the Fund , the legally binding instrument is the Fund's project agreement under which the IE shall implement the projects and programmes supported by the Fund in accordance with the Fund's Operational Policies and Guidelines (which includes ESP and GP) and the IE's standard practices and procedures.

Conclusion

9. Based on the Task Force's suggestions, the secretariat proposed a TLMS template (Annex I) which has been endorsed by the Task Force. The TLMS template contained in Annex I is aimed to streamline the supporting document that the IE is required to submit to meet the requirement of 'commitment' as per criterion 11 of the accreditation and re-accreditation applications.

Recommendation

10. Having considered documents AFB/B.39/13 and AFB/B.39/13/Add.1, the Board may want to decide to:

(a) Take note of the information contained in documents AFB/B.39/13 and AFB/B.39/13/Add.1;

(b) Welcome the application of the template for the top-level management statement (TLMS) to be submitted by Implementing Entities for accreditation and re-accreditation with the Adaptation Fund as endorsed by the Task Force established by Decision B.38/3 and contained in Annex I of document AFB/B.39/13;

(c) Request the secretariat to communicate the present decision and the TLMS template to the applicant implementing entities.

**ANNEX I
PROPOSED DRAFT TLMS TEMPLATE BASED ON FURTHER GUIDANCE FROM THE
TASK FORCE (DATED 30 SEPTEMBER 2022)**

[Salutation to be addressed to the AF manager]

On behalf of the ***[Applicant entity]***, I write to confirm our interest in achieving accreditation/reaccreditation with the Adaptation Fund.

We have carefully reviewed the Environmental and Social Policy and the Gender Policy of the Adaptation Fund (AF ESP and GP). Based on that review, we are of the view that the ***[Applicant entity's]*** relevant policies and practices are aligned with the AF ESP and GP and enables ***[Applicant entity]*** to propose and implement projects/programmes that comply, as a minimum, with AF funding requirements.

The ***[Applicant entity]*** reaffirms its commitment to implement all projects and programmes supported by the Adaptation Fund in compliance with the AF Standard Legal Agreement and AF Operational Policies and Guidelines approved by the AF Board.

Yours sincerely
[Subscription]