



ADAPTATION FUND

29 January 2025

Adaptation Fund Board

Accreditation Panel Recommendation to Change the Status of the Instituto Dominicano de Desarrollo Integral (IDDI) to 'Not-Accredited' as a National Implementing Entity (NIE) of the Adaptation Fund.

Having reviewed the re-accreditation application of the ***Instituto Dominicano de Desarrollo Integral (IDDI)***, the Accreditation Panel recommended that IDDI be not accredited as a National Implementing Entity (NIE) of the Adaptation Fund.

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

Draft 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 decides to not-accredit the ***Instituto Dominicano de Desarrollo Integral (IDDI)*** as a National Implementing Entity (NIE) of the Adaptation Fund, as per paragraph 8(3) of the Re-accreditation process of the Adaptation Fund. The status of IDDI is changed from 'in-reaccreditation process' to 'not-accredited' on 29 January 2025.

Decision B.43-44/12

ANNEX I

REPORT OF THE ACCREDITATION PANEL ON AN ASSESSMENT OF THE DOMINICAN INSTITUTE OF INTEGRAL DEVELOPMENT, INC. (INSTITUTO DOMINICANO DEDESAROLLO INTEGRAL) APPLICATION FOR REGULAR RE-ACCREDITAION AS A NATIONAL IMPLEMENTING ENTITY (NIE) OF THE ADAPTATION FUND

Background

The Adaptation Fund Board accredited the Dominican Institute of Integral Development (IDDI) in March 2016 in Board Decision B.27/4 for the period of 5 years. On 1 March 2021, IDDI requested to be re-accredited by the Adaptation Fund. The period for reaccreditation lapsed on 17 September 2024 as per the Fund's reaccreditation policy AFB/B.34/5, Annex II, point 7.3 due to a number of open accreditation issues. IDDI's reaccreditation period was extended by six months to 17 September 2024 as part of Board Decision AFB/B.39/1 approving a temporary blanket extension of the deadline for achieving reaccreditation of up to six months, for all implementing entities with "in reaccreditation process" status between 1 March 2020 and 1 July 2022 whose reaccreditation process had been delayed by the pandemic.

The Adaptation Fund Board approved in March 2019 a four-year project (started in July 2019) titled "Enhancing Climate Resilience in San Cristóbal province, Dominican Republic Integrated Water Resources Management and Rural Development Programme", submitted by IDDI for a requested amount of US\$ 9,953,692 (Decision B.29/13). As of December 2024, US\$ 9,953,692 has been disbursed corresponding to 100%. The project is technically at completion state and the secretariat is waiting for terminal evaluation report, final project summary and audited financial statement to close the project.

Applicant

As indicated in its website , the Dominican Institute of Integral Development, Inc. (Instituto Dominicano de Desarrollo Integral—IDDI), created in 1984, is a non-private non-profit entity, whose purposes are: (i) Contribute to the transformation of the human being, their family and the community in which we live; (ii) Create the conditions so that the human being, both as an individual and as a collectivity, can have a reasonable opportunity to lead a productive and creative life in accordance with their needs, interests and potentialities; (iii) Promote rapprochement and dialogue between the various sectors of our society; (iv) Focus on both the causes of a problem and its symptoms, as well as eliminate access gaps and limiting barriers to achieving sustainable and inclusive development in the country; (v) Serve as a platform for participatory support to face the great challenges. The contribution of IDDI to the development of the Dominican population is through local empowerment, the mobilization of actors, the provision of assistance and technical accompaniment, and the channeling of international funds towards sustainable and inclusive development.

IDDI asserts its service is projected towards working together with the low-income Dominican population, so as to provide them with the tools that help them to raise their quality of life. IDDI

concentrates its support activities on the low-income population living in the urban areas of the country with an emphasis on the city of Santo Domingo and the provinces of Monte Plata, San Pedro de Macorís, Hato Mayor, El Seybo, La Altagracia, La Romana, Monsignor Nouel, Azua, Barahona and Bonao. The total number of beneficiaries that IDDI supports is approximately 580,000 people.

IDDI's Bylaws establish that the General Assembly is the supreme body of the entity, which may modify the Bylaws, elect new members, and elect members of the Board of Directors (Art. 24). The General Assembly receives the Annual Report from the Board of Directors and approves the annual budget (Art. 25). IDDI is governed by the Board of Directors (Art. 28), which meets once a month, and comprises the President, the Vice President, the Secretary, the Treasurer, and the Vocal (i.e., member-at-large). The Board of Directors names and removes the Executive Director (Art. 30), the main administrative officer reporting to the Board. The Executive Director participates, without vote, in all Board of Directors meetings.

Assessment against the re-accreditation criteria

IDDI was assessed for a regular reaccreditation based on EB Decision B.34/3 (Updated Reaccreditation Process) based on AFB/B.34/5. It was also assessed against the Fund's Accreditation Standards related to Anti-Money-Laundering/Countering the Financing of Terrorism pursuant to Board Decision B.32/36 based on AFB/EFC.23/4. As IDDI was already implementing an AF project, this assessment relied on implementation progress reports and the completion report available at the AF Secretariat and, hence, did not assess the criteria for institutional capacity related to projects during implementation, criteria 6, 7, 8 and 9. The criteria used in this assessment were as follows:

- The Fiduciary Standard related to the legal status.
- The Fiduciary Standards related to the financial management. (financial statements, internal control framework, and preparation of business plans and budgets).
- Policies and procedures, screening and decision making related to anti-money laundering/countering the financing of terrorism (AML/CFT) in its disbursements/payment and procurement activities, the structures and process/procedures to handle breaches of AML and CFT laws, and capacity to undertake necessary investigative activities related to non-compliance of these policies and procedures and laws.
- Policies and Framework to deal with fraud, financial mismanagement and other forms of malpractice: Evidence/tone/statement from the top management emphasizing a policy for zero tolerance for fraud, financial mismanagement and other forms of malpractice by implementing entity staff or from any external sources associated directly or indirectly with the projects; Demonstration of capacity and procedures to deal with financial mismanagement and other forms of malpractice; Evidence of an objective investigation function for allegations of fraud and corruption.
- Commitment by the entity to apply the Fund's Environmental and Social Policy (ESP) and Gender Policy; and

- Mechanism to deal with complaints on environmental and social harms and gender harms caused by projects/programmes.

For the latter two criteria, the reviewers were assisted by an expert Consultant made available through the AF Secretariat. For the regular reaccreditation review, the above-mentioned AF Board decisions also required an assessment of the following criterion.

- Third-party assessment on project performance and the capacity of an implementing entity applicant as complementary information (Decision B.31/26 of March 2018).

The assessment was based on the completed application form submitted and documents provided as well as on the responses provided by IDDI to the inquiries of the Panel until the period for reaccreditation lapsed on 17 September 2024. To ensure that the Panel had a comprehensive view, this was complemented by a review of other documents obtained from their website as well as those of other related institutions.

Summary Assessment

Financial Management and Fiduciary Standards Assessment

The Panel reviewed the information provided by IDDI on a continuous basis up to the date of expiration of the extended three-year period for reaccreditation and the 6-month extension of reaccreditation deadline through Decision B.39/1.

Legal status – IDDI met the criterion. There have been no changes to IDDI's legal status. It has been established with its own legal personality with the capacity to receive funds directly, authority to enter into contracts or agreements with international organizations, and capacity to represent itself as plaintiff or defendant in legal processes.

Policies and procedures related to anti-money laundering and countering the financing of terrorism (AML/CFT) on disbursements, procurement, breaches of financing laws, and necessary investigation activities – The Panel concluded that IDDI did not meet this criterion. IDDI has not provided evidence of appropriate policies and procedures related to disbursements. The documents provided do not demonstrate how AML/CFT risks are managed and do not provide details of a screening system and decision-making process that the institution follows when it identifies risks related to any individuals and/or entities. The IDDI Procurement Policies and Procedures related to AML/CFT do not specifically mention AML/CFT. IDDI has satisfactory policies and procedures related to non-compliance of AML/CFT policies and procedures (by staff).

Financial Statements and Provisions for Internal and External Audits - IDDI met the criteria. IDDI's Audited Financial Statements (AFS) comply with International Financial Reporting Standards, and it submitted AFS for 2018 and 2019, both with unqualified audit opinions. IDDI's external auditor is a reputable local firm, which conducted its audits in accordance with international standards on audit. IDDI's Internal Audit is a functionally independent office, and its work is substantively in accordance with international standards.

Internal Control Framework with particular reference to control over disbursements and payments – IDDI met the criterion. IDDI's internal control framework is supported by annual internal control statements, describing the management structure, documented guidance, policies and procedures.

Preparation of Business Plans and Budgets and ability to monitor expenditures in line with budgets – IDDI partially met this criterion. IDDI prepares long-term budgets / financial projections demonstrating solvency and capacity to prepare and manage budgets. However, the budget implementation reports contain no elements such as a strategy, vision, mission, core values, goals, objectives and an implementation strategy.

Requisite Institutional Capacity

Procurement Policies and Procedures - IDDI met the criterion. It has policies and procedures and controls in place. The Procurement and Contracting Manual is comprehensive and well-structured.

Transparency, self-investigative powers, anti-corruption measures and Commitments to E&S and Gender Policies

Policies and Framework to deal with financial mismanagement and other forms of malpractice - IDDI did not sufficiently meet the criterion. IDDI has a statement of "Zero Tolerance" as part of the institution's anti-corruption framework. The IDDI has a Code of Ethics and Conduct, but it lacks sufficient details to serve as a useful guide and a whistle blower protection policy is not included in the Code. IDDI does not have a dedicated in-house investigative capacity. The Ethics and Conduct Committee is responsible for handling all complaints, but fraud and financial mismanagement are not specifically mentioned. IDDI has no manual with standards or guidelines for conducting investigations.

Commitment to comply with the Fund's environmental and social and gender policies – The Panel concluded that IDDI did not meet this criterion. IDDI provided a satisfactory letter of commitment expressing the organization's commitment to abide by the Environment and Social and Gender policies of the Adaptation Fund in all the programs and projects funded by AF. However, this commitment is not backed up by documents demonstrating that IDDI has an institutionalized environmental and social management system (ESMS) supported by policies and procedures and clear accountabilities. The IDDI Environmental, Social and Gender Policy is a three-page generic document and mainly a statement of intent, with a brief paraphrasing of the AF ESP principles but lacking the other elements of the policy such as arrangements for implementation, monitoring, reporting and handling of complaints. The Panel concluded that the application documents did not include elements that demonstrate an institutional framework at IDDI to comply with the Adaptation Fund's ESP. The Panel was not able to conclude whether IDDI has the internal-resident capacity to manage an ESMS.

Mechanism to deal with complaints on environmental and social harms and gender harms caused by projects/programs - IDDI met this criterion. IDDI has established and documented a grievance mechanism for receiving complaints about environmental and social harms and gender harms caused by projects/ programmes.

Conclusion

Based on the results of the Panel's assessment of the application, it is concluded that IDDI did not meet all the standards and criteria required for regular reaccreditation within the deadline for reaccreditation, 17 September 2024, and it is therefore recommended to change the status of IDDI from "accredited" to "not-accredited".