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# Accreditation Panel Advice on Re-accreditation Process

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# Overview

## Part I: Understanding AF accreditation fiduciary standards

- (i) Why accreditation?
- (i) What is the process?
- (i) Financial Management and Integrity
- (i) Institutional Capacity
- (i) Transparency, self-investigative powers and anti-corruption



# Why accreditation?

Commitment of the fund to enable direct access to AF funding

Risk management to provide reassurance to the Fund's Donors

Ensures that applicant entities follow fiduciary and safeguard standards while accessing financial resources of the Adaptation Fund.

Applicants undergo an assessment for accreditation to make sure they adhere to sound accreditation standards and implement effective social and environmental safeguards to identify any project risks in advance, prevent any harm and improve the effectiveness and sustainability of results.

Follows a transparent and systematic process through an Adaptation Fund Accreditation Panel (the Panel) supported by the Secretariat.

Commitment, Capacity, Compliance



# Financial and Management Integrity



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(Criteria 2-4)

Financial Statements and External Audit requirement

Internal Control Framework

Internal Audit/Assurance and Oversight arrangements

Preparation of Business plans and budget

Cash vs Accrual  
IFRS or GAPP  
IAS



IIA Global Auditing Standards

# Financial Integrity and Management

Capability required: Accurately and regularly record transactions and balances in a manner that adheres to broadly accepted good practices, and are audited periodically by an independent firm or organization.

- Production of reliable financial statements that are prepared in accordance with internationally recognized accounting standards.
- Production of annual external audited accounts that are consistent with recognized international auditing standards.
- Production of detailed departmental accounts.
- Demonstration of use of accounting packages that are recognized and familiar to accounting procedures in developing countries.
- Demonstrate capability for functionally independent internal auditing in accordance with internationally recognized standards

# Internal Control Framework



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Elements that require IE applicant elaboration:

- ❑ **Commitment:** Policies, operations manual, COSO etc.
- ❑ **Clear definition of organizational governance board, management, internal auditors.**
- ❑ **Compliance/Accountability:** evidence/confirmation that the internal control framework is operating satisfactorily (supported by periodic review of the effectiveness of the internal control elements, i.e., internal control reviews carried out by management or by the internal and external auditors)
- ❑ **Payment and Disbursements:** The application and supporting documents should include a demonstration of the organization's capability to ensure that all payments and disbursements, **with a particular reference to projects, are properly checked and made only for bona-fide/ approved purposes.**
  - Required basic documents and information are as follows:
    - A description of the disbursement system and procedures, including the most important steps in processing payments for both projects and other expenditures;
    - A description of authorized signatories in the payment and disbursement system; and
    - Evidence of a recent audit, or similar review, related to the disbursements and payments function of projects.

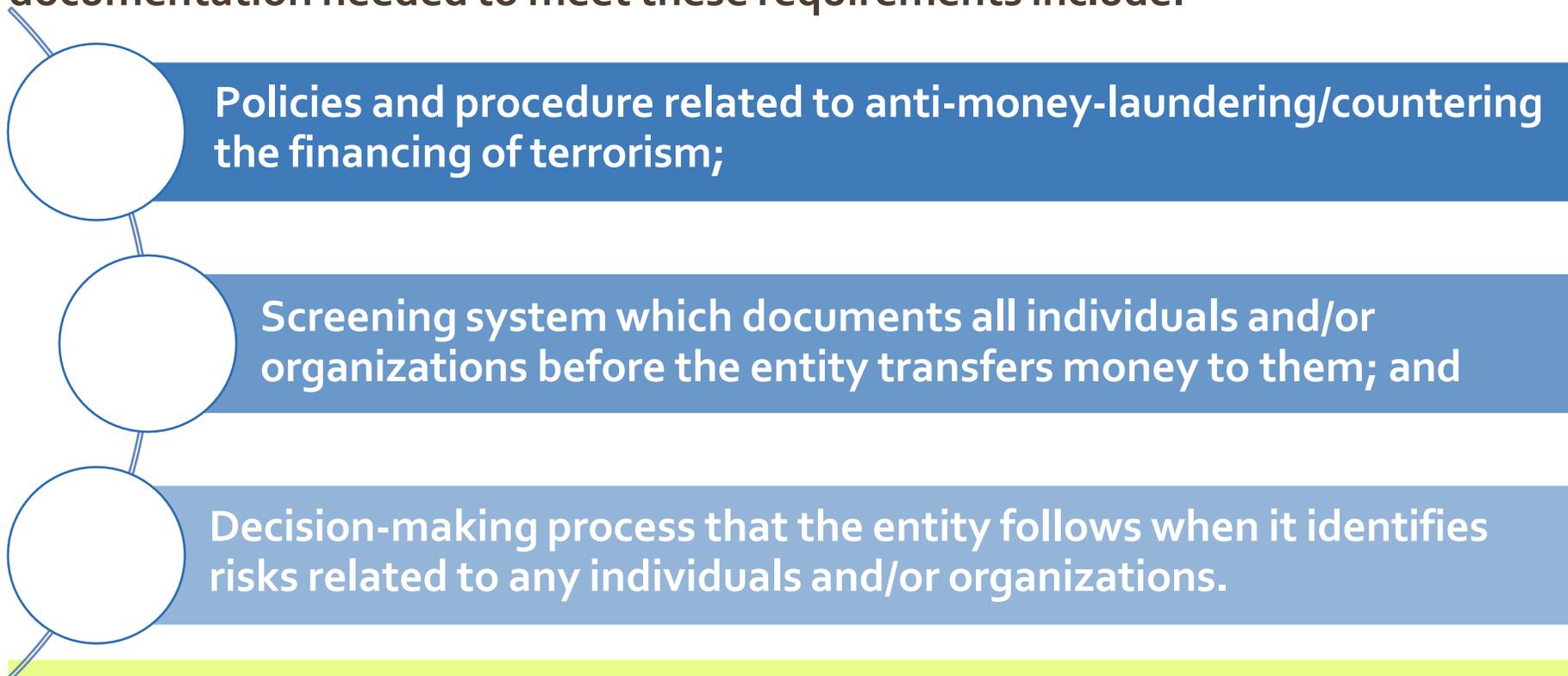
# AML/CFT requirements



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- ❑ **Anti Money Laundering (AML) and Countering the Financing of Terrorism (CFT)** :“examples of supporting documentation” related to the “internal control framework”, “procurement” and “policies and framework to deal with financial mismanagement” criteria in the accreditation application form (Criteria 3 (b); 5(a); 10 (c))

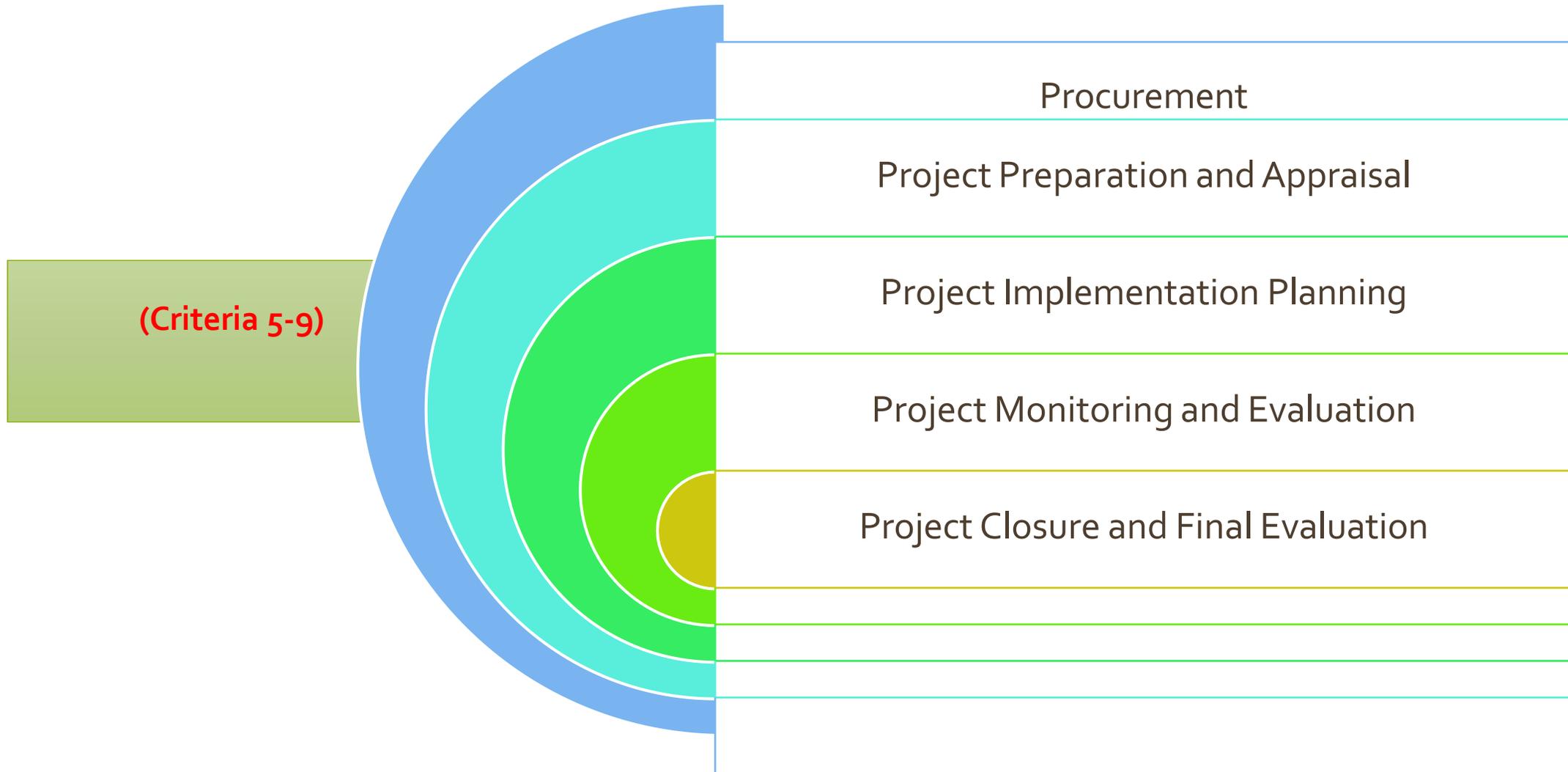
- ❑ The documentation needed to meet these requirements include:



# Institutional Capacity



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# Transparent and competitive Procurement procedures

**Evidence of procurement policies and procedures at national levels consistent with recognized international practice (including dispute resolution procedures).**

- Procurement guidelines/policy for projects or for the entity
- Clear thresholds for bidding competitively and transparently
- International competitive bidding
- Transparent opening and recording/evaluation of bids – provide samples
- Methods of procurement
- Capacity for procurement – is there a procurement unit/officer?
- Capacity to oversee its executing agency (i.e. no objection letter)
- Bid protest and arbitration mechanism
- Fraud/Corruption and AML/CFT provisions

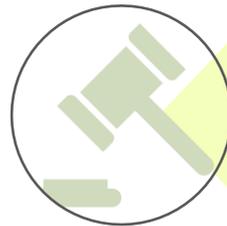


# Transparency, Self-investigative Powers, Anti-corruption measures and mechanism to address E&S and gender complaints

**(Criteria 10-12)**



Policies and Framework and capacity to deal with fraud, corruption and other forms of malpractice



Commitment by the entity to apply the Fund's Environmental & Social and Gender policy



Mechanism to deal with complaints

# Policies and Framework and capacity to deal with fraud, corruption and other forms of malpractice

## 1. Demonstration of capacity and procedures to deal with financial mismanagement and other forms of malpractice.

- Fraud Policy that declares zero tolerance
- Zero tolerance message articulated on your website
- Letter to the Fund articulating zero tolerance towards fraud and financial mismanagement
- Code of Conduct and/or Ethics
- Disciplinary Code and Process
- Ethics Committee/Disciplinary Committee

## 2. Evidence of an objective investigation function for allegations of fraud and corruption.

- Documented investigative policy or SOP
- Hotline linked to whistle blower policy
- Clear reporting lines including anonymous for fraud and corruption
- Internal responsibility for independent investigations (e.g. IA)



# Commitment to abide by Fund's ESP and GP



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- The ESP and GP is operationalized at the Fund level at two key stages:
  - **During the process of accrediting Implementing Entities (IEs);** and
  - During the process of project and programme review
  
- During the accreditation process, the Accreditation Panel will assess whether the IE **has the capacity and commitment to address environmental and social risks, and whether a grievance mechanism is available in order to either be accredited or to maintain accreditation.**
  
- The IEs are responsible for the environmental and social risk management of projects/programmes under their supervision.
  
- The IE applicant demonstrates, in a written/official statement issued at the highest managerial level, its commitment to **abide by** the ESP and GP in all projects/programmes funded by the Fund.

# Commitment & Capacity & Capability to Safeguarding

## C11-12

- Environmental & Social Safeguarding Policy
- Gender Policy
- Grievance Mechanism
- Demonstrated Capacity/ Expertise
- Evidence of applying the ES&G



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# What works for the Panel and you

- Be responsive
- Respond to questions as well as you can and provide explanations
- If the Panel asks for a policy and you do not have it, consider working on one and share an advanced draft for Panel review
- In your response ensure you provide documentation as evidence and refer to the document number (e.g. doc.100)
- Provide both original version and translated version (if not English)
- If you update a policy as part of the process or based on Panel queries, highlight what has changed in the revised policy
- If the Panel's request is not clear, ask for a meeting



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THANK YOU

