ADAPTATION FUND

7 July 2026

Adaptation Fund Board

Accreditation Panel Recommendation on the Accreditation of the Fondo Mexicano para la Conservación de la Naturaleza A.C. (FMCN), Mexico as a National Implementing Entity (NIE) of the Adaptation Fund

Having reviewed the accreditation application of the ***Fondo Mexicano para la Conservación de la Naturaleza A.C. (FMCN), Mexico***, the Accreditation Panel recommended that FMCN be accredited as a second National Implementing Entity (NIE) of the Adaptation Fund.

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

Accreditation Decision:

Having considered the recommendation of the Accreditation Panel, the Adaptation Fund Board decided to accredit the ***Fondo Mexicano para la Conservación de la Naturaleza A.C. (FMCN)*** of Mexico 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 2 July 2031.

Decision B.46-47/17

ANNEX I

REPORT OF THE ACCREDITATION PANEL ON AN ASSESSMENT OF THE FONDO MEXICANO PARA LA CONSERVACION DE LA NATURALEZA (FMCN), MEXICO FOR REGULAR ACCREDITATION AS A NATIONAL IMPLEMENTING ENTITY (NIE) OF ADAPTATION FUND

Background

Mexico is the third-largest country and second-largest economy in Latin America, with a diversified economy strongly integrated into global value chains, particularly through manufacturing and trade with the United States. Despite important progress in economic growth and poverty reduction, the country continues to face significant challenges related to income inequality, regional disparities, informal employment, insecurity, and limited access to finance for small and medium-sized enterprises. Mexico has made important advances in gender equality through legal reforms and increased political representation of women, although gender-based violence and persistent inequalities in labor participation remain concerns.

Mexico is highly vulnerable to climate change impacts, including increasing temperatures, changing precipitation patterns, droughts, floods, and more frequent extreme weather events. These changes pose serious risks to water resources, agriculture, biodiversity, and coastal ecosystems. The country has established an extensive climate policy framework, including the General Law on Climate Change, National Climate Change Strategy, National Adaptation Plan, and updated Nationally Determined Contributions under the Paris Agreement. Climate adaptation, ecosystem restoration, and biodiversity conservation are therefore key national priorities.

The Applicant

The Fondo Mexicano para la Conservación de la Naturaleza A.C. (FMCN) is a private non-profit organization established in 1994 with the mission of conserving Mexico's natural heritage through strategic technical and financial support, public-private partnerships, and innovative conservation initiatives. FMCN works across protected areas, marine and coastal conservation, watershed management, climate adaptation, species conservation, and sustainable livelihoods. The organization manages a substantial environmental and climate-related portfolio and has implemented numerous projects with international partners, including the GEF, the World Bank, the German KfW Development Bank, and the Green Climate Fund.

FMCN is governed by a Board of Directors and supported by specialized committees overseeing finance, investments, project evaluation, institutional support, and audit functions. Headquartered in Mexico City, the organization is led by an executive director and currently employs some sixty staff members.

Interaction with the Adaptation Fund and the Green Climate Fund (GCF)

FMCN has not previously been accredited with the Adaptation Fund. FMCN initially applied for accreditation with the Adaptation Fund in June 2024 and was referred for Panel review in late January 2025.

FMCN was accredited by the Green Climate Fund (GCF) in February 2019 and received an accreditation scope upgrade in October 2024. The organization currently implements the GCF-financed River Restoration for Climate Adaptation (RIOS) project and is reported to have demonstrated compliance with GCF fiduciary, environmental, social, and gender standards.

SCOPE OF ASSESSMENT FOR ACCREDITATION

The Assessment for regular accreditation was conducted on the criteria reflected in the Fund's Operational Policies and Guidelines and other relevant policies and background documents, as shown in the table below.

Decision basis	Relevant Background Docs for AFB Decisions
- Paragraphs 34-44 of the OPG - Decision B.32/36 (AML/CFT available on page 26 of the report of the 32nd meeting of the Board) - Decision B.31/26 (use of external sources as complementary information)	- OPG (amended, October 2021) - Document AFB/EFC.23/4 (AML/CFT) - AFB/B.31/7/25 of March 2018

The review and the assessments by the Panel were based on the completed application form submitted through the AF Workflow online system and their responses to follow-up questions, together with complementing documentary evidence. To ensure that the Panel had comprehensive coverage, documents downloaded from the FMCN website were extensively assessed as additional evidence of commitment, compliance and capacity to adhere to the criteria under the regular accreditation process. Relevant documents from websites of other related international institutions were also reviewed, as necessary. A visit by a Panel member to Mexico City in March 2026 provided final clarification and evidence to conclude on all criteria.

SUMMARY ASSESSMENT

In the Panel's assessment, the requirements for regular accreditation were met as follows:

Financial Management and Integrity Standards

Legal Status

The applicant meets this criterion. FMCN is a legally incorporated non-profit civil association established in 1994 with full legal personality and authority to receive and administer funds, including international donor resources. The organization demonstrated the legal authority to enter into agreements with international organizations and has extensive experience doing so. FMCN also has the legal capacity to sue and be sued, with designated representatives authorized through powers of attorney. Governance arrangements, including the Board of Directors, General Assembly, and specialized committees, support accountability and effective oversight.

Policies and procedures, screening, and decision-making related to Anti-money Laundering and Counter-Terrorism Financing (AML/CFT)

The applicant substantially meets this criterion. On the basis of a 2012 national legislation, the applicant has voluntarily established an AML/CFT framework, supported by internal policies and procedures. In order to mitigate some shortcomings of the previous framework, the applicant has developed SOPs, in anticipation to the guidance material from the national authorities on the new 2025 AML/CFT legislation. In this respect, a risk-based approach to due diligence is applied, including documented KYC processes, database checks, and counterparty screening. Enhanced measures are in place for higher-risk transactions, with clear escalation procedures and reporting to authorities. AML/CFT provisions are embedded in operational manuals and contractual arrangements, although their explicit integration into procurement processes could be further strengthened. Procedures are in place to address non-compliance, including investigation, reporting, and application of sanctions in accordance with institutional policies and applicable laws. The Panel notes ongoing efforts aim at further strengthening sanctions' screening and procurement integration in line with expected amendments to national legislation.

Financial statements including Project Accounts and Provisions for Internal and External Audits

The applicant substantially meets this criterion. FMCN prepares annual financial statements in accordance with internationally recognized accounting standards. The applicant's accounts are audited by an independent external auditor and have been unqualified for the four years reviewed by the Panel. The external audits were conducted in line with the international auditing standards (IAS). FMCN maintains a functionally independent internal audit function reporting to an independent oversight committee, the Institutional Support Committee (CAI) and has recently strengthened the internal audit capacity through the recruitment of a qualified internal auditor, the establishment of a new audit charter and the preparation of risk-based audit plans. The Panel notes that the internal auditor currently also is tasked with compliance activities and that these should eventually be transferred to other managerial functions to ensure full compliance with international auditing standards. Project accounts are maintained and externally audited in accordance with international auditing standards. The applicant has been using an accounting package for all its business processes which an external assessment recently considered inadequate and is currently in the process of migrating to worldwide recognized financial/accounting software application.

Internal Control Framework with Particular Reference to Controls over Disbursements and Payments

The applicant meets this criterion. The applicant has a series of policies, procedures, and manuals that outline an internal management and control framework, covering also governance, management of human resources, as well as oversight roles of management, internal audit and the Board's oversight committee. Independent reviews by external auditors, and other independent reviewers confirmed that FMCN's internal controls, including its disbursement controls, are generally sound and functioning effectively. FMCN is further investing in strengthening its internal control and management system, including through the introduction of new software applications. The applicant 's financial management system ensures proper payment processes including request, authorization and disbursement with clear segregation of duty and internal controls.

Preparation of Business Plans and Budgets and Ability to Monitor Expenditure in Line with Budgets

The applicant meets this criterion. FMCN has a clearly laid out strategic plan covering 2024–2030 and bases its planning assumptions on a mix of stable endowment resources and global trends in the area of climate financing. Its financial projections and endowment funding indicate financial solvency.

Requisite Institutional Capacity

Procurement

The applicant substantially meets this criterion. FMCN has a procurement policy and applies transparent and generally accepted practices, including those required by its donors. During the accreditation process, enhancements to the procurement policy were introduced, such as lower thresholds to allow for increased public competitive bidding, and a new administrative team to oversee procurement; this will strengthen further procurement capacity in the years to come. Ad-hoc committees independently review the bids; their assessment is in turn reviewed by the finance department prior to contract award. There is reasonable oversight over project procurement with dedicated capacity.

Project Preparation and Appraisal

The applicant meets this criterion. FMCN demonstrated a solid track record in developing climate adaptation and environmental projects financed by the GCF, GEF, World Bank, and other international partners. The organization has established procedures for technical, environmental, social, gender, financial, and risk assessments during project design and appraisal. The Panel reviewed several project examples that confirmed FMCN's capacity to identify risks, integrate mitigation measures, and ensure quality project design with stakeholder participation and governance oversight.

Project implementation planning, budgeting, and quality-at-entry review

The applicant meets this criterion. FMCN applies structured project planning and quality-at-entry procedures through its Operations Manual and participatory review processes involving technical teams, management, and Board committees. Project implementation planning includes logical frameworks, monitoring indicators, environmental and social safeguards, and gender considerations. The organization demonstrated the ability to prepare detailed project budgets, manage their implementation, and monitor progress and expenditure through dedicated systems and governance oversight.

Project monitoring and evaluation (M&E) during implementation

The applicant meets this criterion. FMCN uses an online project tracking system, periodic reporting, field supervision missions, and technical committee oversight to monitor project performance and risks. The organization demonstrated the ability to identify and address implementation challenges in a timely manner, including corrective action in projects where significant risks or non-compliance were identified. External audits and donor reporting confirmed the robustness of FMCN's monitoring and financial reporting systems.

Project closure and final evaluation

The applicant substantially meets this criterion. The organization provided several project completion reports and independent evaluations confirming the capacity to assess technical, financial, environmental, social, and gender-related project outcomes. Final evaluations commissioned by FMCN to independent consultants generally followed international standards and OECD DAC evaluation criteria. The Panel nevertheless noted some weaknesses in terms of gender analysis in the closure and evaluation reports submitted for review. Several independent evaluation reports commissioned by external parties confirmed the effective execution of projects by the applicant.

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

Policies and Framework to Deal with Fraud, Financial Mismanagement, and Other Forms of Malpractice

The applicant substantially meets this criterion. A statement expressing zero tolerance signed by the Executive Director has been posted on the applicant's website. The applicant has a set of internal policies and manuals to allow dealing with financial mismanagement and other forms of malpractice. To receive complaints, there are multiple reporting channels and evidence of their functioning was provided. The investigation function is vested with the internal auditor who has no prior experience in investigations; during the accreditation process the internal auditor obtained a certificate in fraud investigations; the internal auditor reports directly to the Board's oversight committee (CAI), which in turn may outsource investigations that require special expertise. There are plans for additional investigations training for the internal auditor. There have been no reported investigations in recent years.

Commitment and capacity by the entity to apply the Fund's Environmental and Social (E&S) Policy and Gender Policies

The applicant substantially meets this criterion. A top-level management statement confirming the entity's commitments was provided. The applicant's commitment to address environmental, social, and gender risks is also well reflected in its ongoing project portfolio with other major international organizations funding climate projects. It has relevant policies in place; while its ESS does not fully align with that of the AF, specific provisions will be made for AF projects through an AF specific Special Operating Procedure (SOP); there is a clear commitment to adhering to the full set of AF standards. Gender equality and equity actions are bolstered by relevant policies, including a policy to manage gender risks related to exploitation and sexual abuse and harassment.

Mechanism to deal with complaints on environmental and social harms and gender harms caused by projects/programs

The applicant meets this criterion. The established mechanisms allow stakeholders to submit complaints related to environmental, social, gender, ethics, procurement, and misconduct concerns through multiple communication channels. The internal auditor oversees the mechanism and reports annually to the CAI. FMCN demonstrated the use of project-level GRM procedures, outreach materials, tracking systems, and donor reporting arrangements to support transparency and accountability. The Applicant reported that there have not been any complaints regarding environmental and social impacts of projects in the past four years.

Third Party Assessments

The Panel reviewed several independent third-party assessments and evaluations that broadly confirmed the robustness of FMCN's institutional systems. External audits consistently identified no significant deficiencies in internal controls. Independent reviews by KPMG, Ernst & Young, the Green Growth Institute (GGGI), and the Green Climate Fund accreditation process validated FMCN's fiduciary systems, procurement, safeguards, and governance arrangements, while also identifying targeted areas for continued strengthening, particularly related to documentation of controls, whistleblower policy, gender analysis, and risk management processes. The Panel's review confirmed that FMCN is in the process of continuous strengthening of the areas requiring attention.

Conclusion and Recommendation

The Panel concludes that FMCN meets the requirements for regular accreditation and recommends the accreditation of FMCN as a national implementing entity by the Adaptation Fund Board.