



ADAPTATION FUND

23 January 2019

Adaptation Fund Board

Accreditation Panel Recommendation on Fast Track Re-accreditation of Observatoire du Sahara et du Sahel (OSS) as Regional Implementing Entity

Having reviewed the re-accreditation application of Observatoire du Sahara et du Sahel (OSS), the Accreditation Panel recommended that OSS be re-accredited as a Regional Implementing Entity (RIE) of the Adaptation Fund.

A summary of the review can be found in Annex I

Re-accreditation Decision:

Having considered the recommendation of the Accreditation Panel and following the fast-track re-accreditation process approved by Decision B.28/38, the Adaptation Fund Board decided to re-accredit Observatoire du Sahara et du Sahel (OSS) as a Regional Implementing Entity (RIE) of the Adaptation Fund for five years, as per paragraph 38 of the operational policies and guidelines for Parties to access resources from the Adaptation Fund. The re-accreditation expiration date is 22 January 2024.

Decision B.32-33/14

ANNEX I: REPORT OF THE ACCREDITATION PANEL ON ITS ASSESSMENT OF OBSERVATOIRE DU SAHARA ET DU SAHEL (OSS) FOR FAST TRACK RE-ACCREDITATION AS A REGIONAL IMPLEMENTING ENTITY (RIE) OF THE ADAPTATION FUND.

Background

Observatoire du Sahara et du Sahel (OSS) in Tunisia has applied for re-accreditation with the Adaptation Fund in December 2017. OSS has qualified for fast track re-accreditation (FTR) in accordance with Adaptation Fund Board Decision B.28/38 because it was accredited by the Green Climate Fund (GCF) within a period of four years prior to the submission of the re-accreditation application to the Adaptation Fund. The GCF accredited OSS in October 2017 based on its existing accreditation as a Regional Implementing Entity of the Adaptation Fund.

In conducting its review of OSS—a fast-track reaccreditation (FTR) assessment based on Board decision B.28/38—the Accreditation Panel identified areas, based on the Panel’s cumulative experience and consistency applied by the Panel across other entities reviewed, where enhancements could possibly be made to the internal audit functions, and to making the audit committee operational. These areas would need to be considered by OSS, but are not within the scope of this FTR. Accordingly, the Panel recognizes that there may be other compensating controls or factors that it has not yet reviewed in-depth. The Panel has nonetheless signaled this information bilaterally to OSS in more detail, for consideration in the event of future (re-)accreditation. Within the broader context of the FTR framework, the Panel looks forward to an assessment of the GCF accreditation standards, including a gap analysis, to be conducted by the Secretariat in 2019 in accordance with Board decision B.32/1. In the view of the Panel, this will be an opportunity to give its input, views, and experience with FTR assessments.

Assessment for Fast Track Re-accreditation

The assessment for fast-track re-accreditation of OSS was conducted in accordance with AFB/EFC.19/7/Rev.1 (Effectiveness and Efficiency of the Accreditation Process), AFB/EFC.23/4 (Accreditation Standards Related to Anti-Money-Laundering/Countering the Financing of Terrorism), and Adaptation Fund-financed project information provided by the Secretariat. The assessment applied the following criteria:

- **The Fiduciary Standard related to the legal status** - There has been no significant change since the initial accreditation: a slightly revised statute was approved by the OSS General Assembly in April 2016, in order to replace the scientific and technical council with the strategic orientation committee, and to explicitly authorize the Executive Secretary to open bank accounts in accordance with the financial regulations.

The basis of the legal status was revisited and the Panel concludes that OSS continues to fully meet this fiduciary criterion.

- **Policies and Framework to deal with financial mismanagement and other forms of malpractice** – There have been enhancements since the initial accreditation. Detailed policies and procedures exist and are available on the OSS website, including the new ones for whistleblowing and for review, arbitration and sanctions in relation to misconduct by third parties engaged by OSS, which describe how to deal with any cases of fraud, corruption, or any other breach committed by staff or any other parties. The OSS host country (Tunisia) regulations include provisions relating to anti-money laundering (AML) and Countering the Financing of Terrorism (CFT) which require banks to verify the origin of funds and the existence of financial agreements supporting cash flows—each project has an individual bank account, while cash transactions are not allowed, except for small amounts, such as training per diem. The external auditor of OSS is entrusted with the conduct of investigations in coordination with the Executive Board. During the review process, (i) the external audit firm provided further confirmation that to their knowledge no cases of fraud have occurred since their engagement in 2012, and confirmed their awareness of CML/CFT regulations, (ii) the whistleblowing and arbitration procedures were made available also in French on the website, (iii) the complaint form was made available on the website in French and three other languages for countries in which OSS operates, and in more user-friendly language, and (iv) the statement on zero tolerance was posted on the OSS website.

The Panel is satisfied that OSS has zero tolerance towards fraud, financial mismanagement and other forms of malpractice, policies and systems to deter or identify such behavior, and the commitment and the capability to receive reports of such behavior, have them objectively and independently reviewed and take appropriate action where the behavior is confirmed. The Panel is further satisfied of the existence of investigative procedures and functions that also cover AML/CFT policies and procedures.

- **Commitment by the entity to apply the Fund’s Environmental and Social Policy (ESP) and Gender Policy** – There have been enhancements since the initial accreditation. A new gender policy, to compliment the environmental and social policy, was introduced in 2016. The E&S Policy is considered as the reference document of the Environmental and Social Risk Management System (ESMS) of OSS. The policy is based on the International Finance Corporation (IFC) Performance Standards (PS) on Environmental and Social Sustainability and is aligned with the Adaptation Fund’s policies. Executing Entities and partners are also required, under the Grant Award Evaluation Procedure, to be committed toward OSS E&S and Gender Policies and procedures when executing projects and programs. OSS has produced gender action plans and gender reports to monitor progress.

The Panel is satisfied that OSS continues to have robust policies and practices that fully demonstrate its commitment and the capability to comply

with the Environmental and Social Policy and Gender Policy of the Adaptation Fund.

- **Mechanism to deal with complaints on environmental and social harms and gender harms caused by projects/programs** – There have been enhancements since the initial accreditation. A procedure detailing the external communication system was adopted by OSS in June 2016 as part of its Environmental and Social Risk Management System (ESMS). The procedure is available on the website, initially available only in English, and now available also in French, and describes the process of managing received external complaints related to the projects and programs implemented and/or executed by OSS as well as projects and programs executed by national Executing Entities and partners. The procedure details the steps of the external communication process, which depends on the project's risk category, which include disseminating to stakeholders through various means a project information note that refers to a project-related grievance mechanism, along with the related responsibilities and timeframes. The External Communication Procedure also describes the functioning of the Environmental and Social Committee (ESC), chaired by the OSS Executive Secretary, which decides how to address any complaints on E&S and Gender issues. Complementing this, the OSS website (2 clicks from the main page) has a grievance mechanism page which describes the complaint process. Complaints or requests for information are submitted to OSS or to the Executing Entity using the complaint transmission form appended to the procedure and links to the grievance mechanism page. The Complaint Form, initially available only in English, was made available also in French, and three other languages (Arabic, Spanish, and Portuguese) to more comprehensively cover the languages in the areas/countries in which OSS has projects. The Complaint Form was also modified to remove language that appeared to be intimidating when first reviewed by the Panel. OSS has confirmed that it has had no complaints or grievances on its projects for environmental and social and gender harms.

The Panel is satisfied that OSS has the commitment and the capability to receive, independently review and take remedial action where appropriate on complaints regarding environmental, social and gender harms caused by its programs and projects.

Assessment of AF funded projects

- The other aspect of focus for re-accreditation as set out by the Board (Decision B.22/3 approved on 26 October 2013) is the results of the assessment of the implementing entity's performance regarding quality at entry and project/programme implementation.

- The Secretariat provided the available information on the assessment of project performance with the inception date 17 May 2017. The Secretariat explained that the assessment of quality at entry is dictated by the implementing entities' (IE) compliance with the Environmental and Social Policy (ESP) and Gender Policy (GP) of the Fund, as well as with review criteria, which have to be met for a project/programme to be considered for approval by the Board.
- Further assessments on project/programme performance are conducted by the IEs through the submission to the Adaptation Fund Secretariat of Project Performance Reports (PPRs) annually commencing at the end of each year after inception date, at mid-term and at project finalization.
- Annex 1 of the Detailed Analysis of the Report to the Panel sets out more information on project amount, inception date, disbursements made to date, balance of the approved amount, and assessment status of project performance. The Secretariat has received the 1st project performance report (PPR) in July 2018 (in line with the AF timeline reporting requirements)—the report is not yet publicly available as it has not yet been cleared by the Secretariat. The Secretariat is currently reviewing this report, which was rated as marginally satisfactory by both the Implementing Entity (OSS) and the Executing Entity, however it does not view this as a concern.

The Secretariat informed the Panel that to date, only one project was due to submit the first PPR and the Secretariat's review is not yet completed. No project has reached mid-term stage at this time.

Recommendation

The Accreditation Panel recommends that the Observatoire du Sahara et du Sahel (OSS) in Tunisia be reaccredited on a fast-track basis as a Regional Implementing Entity of the Adaptation Fund.