



## ADAPTATION FUND

7 February 2024

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Adaptation Fund Board

***Accreditation Panel Recommendation on the Fast-Track Re-accreditation of the European Bank for Reconstruction and Development (EBRD) as a Multilateral Implementing Entity (MIE) of the Adaptation Fund.***

Having reviewed the fast-track re-accreditation application of the ***European Bank for Reconstruction and Development (EBRD)***, the Accreditation Panel recommended that EBRD be re-accredited as a Multilateral Implementing Entity (MIE) of the Adaptation Fund.

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

***Re-accreditation Decision:***

Having considered the recommendation of the Accreditation Panel and following the re-accreditation process approved by Decisions B.28/38 and B.34/3, the Adaptation Fund Board decided to re-accredit the ***European Bank for Reconstruction and Development (EBRD)*** as a Multilateral Implementing Entity (MIE) 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 7 February 2029.

***Decision B.41-42/11***

## ANNEX I

### REPORT OF THE ACCREDITATION PANEL ON AN ASSESSMENT OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD) FOR FAST TRACK RE-ACCREDITATION AS A MULTILATERAL IMPLEMENTING ENTITY (MIE) OF THE ADAPTATION FUND

#### Background

The European Bank for Reconstruction and Development (EBRD) is an international entity with the mandate to promote transition towards a sustainable, open market economy and to foster innovation. Its work (strongly focused on the private sector and micro, small and medium-sized enterprises, using a broad range of financing instruments, mainly loans, equity investments, and guarantees) includes project investment, technical assistance, institutional capacity-building, and policy advisory services with a regional focus on Central Asia, southeast Mediterranean, and Eastern Europe. The areas of investment for adaptation activities are water supplies, water efficiency, hydropower, and coastal and port infrastructure.

The EBRD was established in 1991. In 2021, EBRD invested €10.4 billion across 413 projects; more than three-quarters of that amount went to the private sector. The EBRD's Green Economy Transition (GET) approach has made climate finance a key measure of the EBRD's performance. EBRD committed to ensuring that, by 2025, the majority of its business volume is green. That target was first hit in 2021, when it reported that green finance accounted for 51 per cent of its annual business volume. The EBRD shareholders are 71 countries from five continents plus the European Union and the European Investment Bank. Each shareholder is represented individually on the Board of Governors of the EBRD which has overall authority over the EBRD and sets its overall strategic direction. While retaining overall authority over the EBRD, the Board of Governors has delegated the exercise of most of its powers to the Board of Directors, which is responsible for approving the EBRD's country, sector and thematic strategies, policies and operations.

The EBRD was accredited as a multilateral implementing entity of the Adaptation Fund (AF) in March 2014. It is not yet implementing any AF projects. The EBRD submitted its application for re-accreditation to the AFB Secretariat via the online workflow system in June 2019. The EBRD received Green Climate Fund (GCF) fast-track re-accreditation (as a Global Environment Facility entity) without conditions on 25 June 2022 (first GCF accreditation was in July 2015 based on prior AF accreditation).

The review of EBRD's re-accreditation application had been *postponed*, through Decision [B.38/4](#) on the matter of the top-level management statement (TLMS) to comply with the Environmental and Social Policy and Gender Policy of the Fund required for accreditation and reaccreditation with the Fund. The revised TLMS template was approved by the Board, through [Decision B. 40/5](#). EBRD's deadline for achieving re-accreditation, including the blanket extension for COVID-19 ([Decision B.39/1](#)) was 19 September 2022, which fell within the period of the two dates of the respective decision of 8 April, 2022 and 24 March, 2023. The Panel members reached a consensus on the assessment report for the EBRD re-accreditation application on 22 December 2023.

## Assessment against the fast-track re-accreditation criteria

The assessment for fast-track re-accreditation has, in accordance with Board Decisions B.28/38 (Fast-track re-accreditation of implementing entities accredited with the Green Climate Fund), B.34/3 (Updated Re-accreditation Process) and B.32/36 (Accreditation Standards Related to Anti-Money-Laundering/Countering the Financing of Terrorism—AML/CFT), focused on the following criteria:

- **The Fiduciary Standard related to the legal status** – There have been no changes to EBRD’s legal status. It has been established with its own legal personality under international agreement, with the capacity to receive funds directly, authority to enter into contracts or agreement with international organizations, for which it provided examples, and capacity to represent itself as plaintiff or defendant in legal processes. ***The Panel concludes that the EBRD continues to meet this criterion.***
- **Standards related to AML/CFT** – The EBRD is at the forefront in internationally recognized practices in the relevant AML/CFT policies and procedures, and clearly amply invests significant resources to do this. These AML/CFT policies and procedures cover contractual and enforcement/sanctions aspects, the screening systems before monies are transferred to individuals or entities, and the decision-making process followed when relevant risks are identified. After its review of these EBRD policies and procedures related to AML/CFT, ***the Panel concludes that these meet the AF accreditation standards in this regard.***
- **Policies and Framework to deal with financial mismanagement and other forms of malpractice** – The EBRD publishes annual integrity and anti-corruption reports showing it is committed to promoting integrity, good corporate governance, and high ethical standards in all its business operations.

The EBRD is at the forefront in internationally recognized practices in the relevant policies and procedures on how to deal with financial mismanagement and other forms of malpractice, and clearly amply invests significant resources to do this. These policies and procedures cover anti-fraud and anti-corruption policies and reporting, whistleblowing, a sanctions system for violations to the relevant policies and norms, a strong internal control system, AML/CFT, and an Office of the Chief Compliance Officer which reports to the EBRD President, and is overseen by the Audit and Ethics Committees of the Board.

The EBRD’s relevant investigation functions (Executive Board; the Office of the Chief Compliance Officer) clearly remain in force.

The Panel was satisfied that the EBRD has the internal structures and track record of implementation to confirm its capacity to apply the above policies and procedures in relation to its leadership, staff, and third parties contractually engaged by the EBRD.

On the basis of the above evidence, ***the Panel concludes that the EBRD continues to meet the related criteria.***

- **Commitment by the entity to apply the Fund’s Environmental and Social Policy and Gender Policy** – The EBRD has provided a Top Level Management Statement (TLMS) commitment letter. While EBRD has not yet implemented AF projects, based on the Panel’s review, (i) the E&S and Gender policies of the EBRD are in place and represent recognized standards in this regard, and materially align with those of the AF, and (ii) these policies are supported by a project implementation track record, as shown by EBRD’s independent evaluation reports and by its independent project accountability mechanism. The EBRD is expected to be able to fulfill the E&S and Gender requirements of the AF, with respect to any

future projects that it may implement for the AF. ***The Panel concludes on this basis that the EBRD meets this criterion.***

- **Mechanism to deal with complaints on environmental and social harms and gender harms caused by projects/programs** - The EBRD has comprehensive grievance mechanisms that are at the forefront of best practices among international institutions. Through these mechanisms, persons or institutions affected by EBRD projects are provided accessible, transparent, fair, and effective grievance mechanisms. ***The Panel concludes that the EBRD continues to meet this criterion.***

### **Third Party Assessments**

The EBRD was found to be “fully compliant” by an October 2022 Third-Party Review commissioned by the Global Environment Facility. A Multilateral Organization Performance Assessment Network (MOPAN) review of the EBRD is in progress, but its results are not yet available on the MOPAN website.

### **Assessment of the implementing entity’s performance regarding quality at entry and project/programme implementation**

The EBRD has not implemented AF projects. EBRD however has a track record of project implementation, as amply described in its website. The primary source of objective and independent evidence on the EBRD’s project quality at entry and project implementation is that provided by the EBRD’s Evaluation Department (EvD), which has reviewed a significant number of EBRD projects. Based on its review of this information, the Panel views EBRD’s performance regarding quality at entry and project/programme implementation positively.

### **Recommendation**

The Accreditation Panel recommends that the European Bank for Reconstruction and Development (EBRD) be re-accredited under the fast-track approach as a Multilateral Implementing Entity (MIE) of the Adaptation Fund.