



## ADAPTATION FUND

14 February 2025

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Adaptation Fund Board

***Accreditation Panel Recommendation on the Accreditation of the Office National de Développement et d'Exploitation des Ressources Forestières (ODEF), Togo as a National Implementing Entity (NIE) of the Adaptation Fund***

Having reviewed the accreditation application under the streamlined approach of the Office National de Développement et d'Exploitation des Ressources Forestières (ODEF) of Togo, the Accreditation Panel recommended that:

- a) the Office National de Développement et d'Exploitation des Ressources Forestières (ODEF) of Togo be accredited as a National Implementing Entity (NIE) of the Adaptation Fund; and
- b) ODEF is eligible to submit project and programme proposals to the Adaptation Fund for up to US\$ 1 million.

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:

- a) to accredit the Office National de Développement et d'Exploitation des Ressources Forestières (ODEF) of Togo, as a National Implementing Entity (NIE) of the Adaptation Fund under the streamlined accreditation process for a period of five years (the accreditation expiration date is 14 February 2030).
- b) To entitle ODEF to submit project and programme proposals to the Adaptation Fund for up to US\$ 1 million.

***Decision B.43-44/15***

## ANNEX I

### REPORT OF THE ACCREDITATION PANEL ON AN ASSESSMENT OF OFFICE NATIONAL DE DEVELOPPEMENT ET D'EXPLOITATION DE RESSOURCES FORESTIERES (ODEF), TOGO, UNDER THE STREAMLINED PROCESS AS A NATIONAL IMPLEMENTING ENTITY (NIE) OF THE ADAPTATION FUND

#### BACKGROUND

Togo is highly vulnerable to climatic and environmental shocks. The mean annual temperature has increased by 1.1 °C since 1960, while the number of hot days increased by 15.5% with significant impacts on livelihoods, human and animal health and natural resources, including rapid deforestation. The *Office National de Développement et d'Exploitation des Ressources Forestières* (ODEF), or National Office for the Development and Exploitation of Forests was established by Presidential Decree as a “public establishment of an industrial and commercial character” with its own legal personality, and financial and administrative autonomy, under the supervision of the Ministry of Rural Economy (with subsequent government reorganizations over time, ODEF's supervisory ministry is now the Ministry of the Environment and Forest Resources). The decree gave ODEF the mandate to “manage and add value to the national forestry sector”. This broad mandate covers studies, management, exploitation, logging, transformation and commercialization of national forest parcels. Although established in 1971, ODEF did not begin operations until around 2013/2014. After initially relying on donor-funded projects and systems, ODEF has made strides in the last few years in developing and strengthening its own institutional capabilities and diversifying its project portfolio.

The governing body of ODEF is the *Board of Directors* representing various government ministries and public financial institutions. The Board elects its chair for a term not to exceed his Board term. The Board's responsibilities include setting the overall policy direction of ODEF, approving the annual work programme and budget, and the annual financial accounts. Members are appointed by a “Supervisory Council” (of Ministers) for a 4-year term renewable at most twice. The Supervisory Council is a supra-national body responsible for overseeing all the public enterprises of Togo. It is comprised of the Minister for Public Enterprises, the Minister for the Economy and Finance, the Minister of Planning, the Minister for Commerce and Transport, and the supervisory technical ministry (i.e., the Ministry for the Environment and Forest Resources, in the case of ODEF).

The *Director-General* (DG) is the chief executive officer of ODEF and is appointed by the Supervisory Council for an indefinite term but can be removed at any time by “the highest authority of the country”.

ODEF finances its operations from fiscal taxes imposed for the development and exploitation of the forestry sector; proceeds from operations, grants and loans, including bonds, guaranteed by the government, as well as external resources (bilateral and multilateral). As of the end of 2019, ODEF had a staff complement of 92 (of which 14 were women) supported from its core budget. This was supplemented by 49 contract (i.e., project) staff, 37 secondments from other government ministries and 2 “national volunteers”.

## ASSESSMENT FOR ACCREDITATION

The basis for the streamlined approach is AFB Decision B.25/17 of 9-10 April 2015.

ODEF initially submitted its application for accreditation in March 2019. On October 6, 2020, the Designated Authority, the Director of Environment, Ministry for the Environment and Forestry Resources requested that ODEF's application be considered under the streamlined process. Under this process all the standards must be met, but the approach takes into consideration compensating measures, controls, and practices normally found in smaller entities, without exposing the Fund to significant risk. To strengthen the assessment, the Accreditation Panel sought and received a positive reference from the United Nations' Food and Agricultural Organization (FAO) which has a history of partnership with ODEF. The review also benefitted from the report of an Accreditation Mission to ODEF during which field trips to several ODEF operations sites were conducted. The review is structured according to the revised application form at Annex 2 of AFB/EFC.23/4, adopted by the Board as part of Decision B.32/36, applying the following assessment criteria:

### ***Financial Management and Integrity***

#### **Legal Status**

ODEF meets this criterion. ODEF was created by Presidential Decree as a public institution with an industrial and commercial character, endowed with legal personality, administrative and financial autonomy and placed under the supervision of the Ministry for the Environment and Forest Resources with the mandate to manage, develop and commercialize the national forestry sector on behalf of the state. Its statute also permits direct receipt of funding including from international organizations, and to conduct legal proceedings by and against ODEF. ODEF provided examples of agreements it has signed with international organizations.

#### **Policies and procedures, screening and decision-making related to anti-money laundering/countering the financing of terrorism (AML/CFT) on disbursements, procurement, and handling instances of non-compliance to these policies and procedures, and laws.**

ODEF meets this criterion under the streamlined approach. It operates within a national financial framework which is subject to Togolese AML/CFT law which in turn is based on the common approach adopted by members of the West African Monetary Union (WAEMU). ODEF's adopted AML/CFT policy builds on this framework and incorporates know-your-customer procedures. It works closely with national regulatory and enforcement bodies in screening transactions and identifying and mitigating AML/CFT risks in financial and procurement transactions. ODEF's management provided in September 2024 a written commitment to finalize the development of procedures to implement its AML/CFT policy. It provided in January 2025 a specific timetable to complete this.

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

ODEF meets this criterion under the streamlined approach. It prepares institutional financial statements in accordance with the international accounting standards which prevail in West African countries signatory to the OHADA business harmonization treaty. It provided copies of the 2022 and 2023 audited financial statements which were in conformity with the OHADA standards. It also provided an example of a project-level audit report.

ODEF's institutional financial statements are externally audited by an independent accounting firm, in accordance with the International Standards on Audit published by the International Federation of Accountants. The AFS submitted had unqualified audit opinions.

ODEF uses the SAARI Accounting 100 for Windows package, a SAGE software product, for its Enterprise Resource Planning system to manage its financial and accounting information system. SAGE specializes in ERP products for small and medium size enterprises.

An independent internal audit function has been an integral part of the organizational structure since the establishment of ODEF. Over time, it has made progress in risk-based audit planning, which is executed and monitored through periodic reporting, and ODEF has committed in October 2024 undertake an independent diagnostic of its internal audit function within six months, with a view to establishing a timetable to adopt international standards of internal auditing effort. It provided in January 2025 a specific timetable to complete this.

The Board recently established and appointed members of a separate Audit Committee of the Board to provide oversight, hitherto performed by the full board as evidenced in the Board minutes submitted.

### **Internal Control Framework**

ODEF meets this criterion. Its internal control framework (ICF) is largely defined by its statute and by policies and guidelines that aim to strengthen accountability and transparency at the institution and project levels. During the accreditation process, ODEF applied its experience with the policies and processes of partner organizations to develop its various policies and procedures that now constitute its ICF. Third party references and reviews have also confirmed this progress.

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

ODEF meets this criterion. It relies on a guidance document prepared by its supervisory ministry to develop five-year rolling strategic plans which are adopted by the Board, paving the way for implementation. The plan estimates required resources and financing sources, and implementation is monitored annually through the *Plan d'Orientation et des Activités*, (the annual work plan). Adjustments are made as needed during periodic reviews throughout the year and inform the new strategic cycle. ODEF provided actual examples of budget monitoring reports generated from the ERP. The current strategic plan covers the 2021-2025 period.

## ***Requisite Institutional Capacity***

### **Procurement**

ODEF meets this criterion. Its procurement procedures are based on the national framework of the public procurement code of 2009 overseen by a national regulatory agency. Accordingly, it has in place a procurement committee which is responsible for “procurement control”. A review of procurement practices is undertaken by the national regulatory agency and by the independent auditor as part of its annual audit. ODEF has provided evidence of implementing their recommendations.

### **Project Preparation and Appraisal including the impact (environment, socio- economic, political, gender etc.) assessment study with risk assessment and mitigation plans**

ODEF meets this criterion. In the past it relied on donor procedures to execute projects. However, its new project manual includes a risk management framework and screening procedures for environmental and social risks. ODEF provided evidence of progress in the adoption of the manual for its new projects, and this progress has been corroborated by third parties.

### **Project Implementation Planning and Quality-at-entry Review**

ODEF meets this criterion. Building on its experience with donor procedures ODEF developed its own project manual in order to institutionalize its own processes. This codification should further improve its capabilities in all phases of the project cycle, including planning, to achieve better quality at entry. ODEF provided evidence of this in the form of project development committee minutes.

### **Project Monitoring and Evaluation During Implementation**

ODEF meets this criterion. After initial reliance on donor systems ODEF has adopted its own monitoring and evaluation procedures as part of its efforts in institutional strengthening. The document applies an “adaptive management” approach which seeks to automate data collection, analysis, adjustment of project activities and reporting, and undertaking adjustments during implementation, as necessary. ODEF evidenced this approach with semi-annual and annual progress reports

### **Project Closure and Final Evaluation**

ODEF meets this criterion. Drawing on its experience in implementing and reporting on donor-funded projects, ODEF submitted project completion reports to demonstrate its understanding of and capacity to assess the impact of technical, financial, economic, gender and legal aspects of projects. The reports included lessons learned as well as financial performance. Given the nature of its past portfolio, ODEF has not commissioned any independent evaluations. However, adopted M & E guidelines, in anticipation of scaling up of projects, provides guidance for developing the terms of reference for independent evaluations and the procurement of evaluation expertise.

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

### **Policies and Framework for Dealing with Financial Mismanagement and Other Forms of Malpractices**

ODEF meets this criterion. Its policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice is available on its public website. It applies to both staff and third parties. The policy is backed up by a code of ethics, fraud prevention policy and an accessible reporting mechanism. The internal oversight function includes a committee that manages the hotlines while investigations are conducted by the Internal Auditor. ODEF submitted evidence of the functioning of these arrangements. Violations are subject to sanctions provided in ODEF's personnel statute and fraud prevention policy which also allow for possible referrals to competent public authorities. Beyond four minor cases of negligence (prior to 2018) ODEF has recently confirmed that there have not been any reported cases of fraud or financial mismanagement in the last two years.

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

ODEF meets this criterion. The Director General reaffirmed in writing ODEF's commitment to abide by the AF's Environmental and Social, and Gender (ES&G) policies. The standards of the recently adopted Environmental and Social Safeguards Policy align substantially with those of the AF. Combined with the operational Gender Policy and Plan, ODEF has completed the transition to applying its own policies for new projects under implementation, and the donor reference positively assessed its progress.

### **Mechanism to Deal with complaints on Environmental and Social Harms and Gender Harms Caused by Projects/Programmes**

ODEF meets this criterion. During the application process ODEF relied on its corporate complaints mechanism to register and deal with complaints regarding environmental, social and gender harms caused by its programmes and projects. It has now adopted a two-tiered Grievance Redress Mechanism that is simple but comprehensive and fit for purpose. ODEF, as a government entity, will rely on public institutions, structures and resources for any ESG complaints not currently included in the scope of applicability of the GRM. There have not been any reported cases of environmental or social or gender harms caused by projects in the last two years.

### **CONCLUSION**

After taking into consideration the information provided by ODEF, the positive donor reference and the Accreditation Mission report, the applicant is considered to meet all the standards reviewed and the Panel, therefore, recommends that ODEF be accredited through the streamlined process with an initial maximum cap of USD 1 million as a National Implementing Entity of the Adaptation Fund.