



ADAPTATION FUND
Readiness Programme
for Climate Finance

Climate Finance Readiness Seminar for NIEs #2: The Wrap

The second Climate Finance Readiness Seminar for NIEs was hosted by the Adaptation Fund (AF) secretariat on July 28-30, 2015 in Washington, D.C. The seminar was part of the AF's Readiness Programme for Climate Finance, whose overall objectives are to increase the number of accredited national implementing entities (NIEs) and the number of quality projects proposed and implemented by NIEs and regional implementing entities (RIEs). With the approval of an environmental and social policy in November 2013, the programme also offers an opportunity for entities to gain familiarity with the policy and build capacity in managing and addressing environmental and social risks in project design and implementation.

The seminar brought together representatives of 17 of the 19 AF National Implementing Entities (NIEs), giving them opportunity to meet and discuss their experiences and lessons learnt. They were joined by representatives from Regional Implementing Entities (RIEs), Multilateral Implementing Entities (MIEs) and practitioners of climate finance, to share experiences, exchange ideas and become more familiar with the AF's procedures and operational policies and guidelines in order to efficiently design, propose and manage the full-cycle implementation of climate adaptation projects and programmes.

Session 1: Status of the Adaptation Fund and the Green Climate Fund

AF secretariat representatives presented recent Fund developments, highlighting three aspects:

- ✓ Progress and achievements of the Fund:
 - 19 National Implementing Entities (NIEs) accredited to access AF financing directly
 - 48 projects and programmes approved for a total funding of US\$ 318 million
- ✓ Second phase of Readiness Programme approved by AFB and under way
- ✓ Environmental and social policy is now rolled out to operations: compliance carefully checked during project review
- ✓ Streamlined accreditation process for smaller entities approved by AFB in April 2015:
 - Same accreditation standards
 - Flexibility in means of verification
 - Reduced time, effort

- Conditionality that can be revoked
- ✓ Pilot Programme for Regional Activities launched in May 2015, for a total value of USD 30 million

A representative from the Green Climate Fund (GCF) secretariat presented latest Fund development

- ✓ AF entities were eligible to apply under the fast-track accreditation process; as a result, 4 AF NIEs have been accredited to the GCF, i.e. CSE (Senegal), MINIRENA (Rwanda), PROFONAMPE (Peru) and NABARD (India)
- ✓ Entities accredited to handle projects/programmes of different sizes and E&S risk categories:
 - Sizes: micro (US\$ 0-10 million), small (US\$ 10-50 million), medium (US\$ 50-250 million), large (> US\$ 250 million)
 - Categories: A (potential significant adverse impacts), B (potential mild adverse impacts), C (minimal or no adverse impacts)

Session 2: The AF and GCF accreditation procedures – Experiences from NIEs

AF and GCF National Implementing Entities and experts on the accreditation processes of both Funds presented their perspectives on the processes, looking at their fiduciary standards and approaches

- ✓ AF accreditation process was an opportunity for institutional transformation
- ✓ Process is worth going through for institutions, even with no accreditation at the end
- ✓ Accreditation application process provided an opportunity to establish clear and uniform procedures
- ✓ Maintaining on-going dialogue with the secretariat can provide invaluable guidance and direction during the accreditation process and provide clarifications in order to avoid delays
- ✓ Countries could benefit from having two NIEs accredited to the GCF: one financial and one non-financial institution
- ✓ The choice of applying for GCF accreditation with restriction on a specific project size or ESS category should be taken very carefully
- ✓ Fast-track accreditation is not synonymous of E-Z track!

Session 3: Brief overview of the project cycle

An AFB secretariat representative outlined the project cycle from submission through approval, to implementation and evaluation, emphasizing key aspects of the proposal review process.

Session 4: Monitoring project performance – AF Results Framework and the project performance report (PPR) process

An AFB secretariat representative presented the AF Results Framework and reporting requirements including the Fund's five core indicators, mid-term reviews and the PPR template. Key takeaways:

- ✓ Given the governing structure of the Fund and the project-driven nature of operations, the AF results framework combines top-down and bottom-up approaches
- ✓ Project proponents select a set of indicators that align with the indicators and objectives of the Fund
- ✓ Each project develops its own set of output and outcome indicators that link directly to the Fund
- ✓ To improve reporting, secretariat developed 5 core indicators:

Adaptation Fund Core Indicators

Impact	Indicator
<i>Increased adaptive capacity of communities to respond to the impacts of climate change</i>	Number of beneficiaries (direct and indirect)
	Number of Early warning systems
	Assets produced, developed, improved, or strengthened
	Increased income, or avoided decrease in income
<i>Increased ecosystem resilience in response to climate change-induced stresses</i>	Natural habitats protected or rehabilitated

- ✓ All projects are required to report on the number of beneficiaries. For the other 4 core indicators, they should be reported on if relevant to project

Session 5: Interactive session – Getting started on the ground: challenges faced from Board approval to project inception

This session was facilitated by a representative of the Global Environment Facility (GEF). Experts and Implementing entities around tables shared experiences on common obstacles encountered at the inception phase of projects and factors central to achieving a quick and efficient project start-up, including execution arrangements and procurement issues.

Challenges identified and suggestions to overcome those:

- ✓ Political: Relationship with AF Designated Authority (DA) and other relevant local governance structure:

- Provide the opportunity for ministries within the country to talk and to coordinate in order to process the project and receive funding. Early coordination among ministries is crucial.
- ✓ Procedural: Understanding the working conditions in the country such as internal government project approval process; and the different project related policies, such as procurement, fund disbursement and procedures
 - Engage in conversation with the government agency and the executing entity upstream before the project launch
 - Prepare an implementation plan for the project (PIP)
- ✓ Capacity: Assess the capacity development needs of the EEs, including need to recruit additional staff
- ✓ Budget assessment: Delays in project inception due to post project approval updates of activities/indicator target/budget of the projects
 - PIP to include project budget and administrative budget associate with the project structure, as well as budget for the executing entity

Session 6: Meeting the project review criteria

Interactive session on proposal review criteria and discussion on common challenges faced by project proponents. Participants also shared experiences in using project formulation grants to overcome challenges and prepare quality proposals that meet the standard expected by the AFB. Key takeaways:

✓ Group 1: Cost effectiveness:

Early experiences, including pilot projects, help in better assessing cost effectiveness of project activities

Access to expertise is often needed to adequately assess options; peer-learning networks can help

In some cases, political implications or general interest have more weight than cost effectiveness in final decision on options

Ecosystem-based solutions are often more cost-effective due to low budget, community involvement and early planning

✓ Group 2: Consultation process:

Challenges identified: short timeline of project development; understanding of group dynamics; misperceptions from some stakeholders; vested interests; lack of adequate resources for a comprehensive consultation process; management of demands

Threats: concerns from a key group of stakeholders; poor level of participation in the consultative process; lack of ownership of the process; lack of efficiency

Solutions: combine bottom-up and top-down approaches; take into account context-specific issues, i.e. lack of culture of consultations, own "logic" of stakeholders

- ✓ Group 3: Identification of adaptation measures and the consistency of the project with relevant national strategies and plans:

It is important to assess the written and non-written priorities and adaptation strategies in the sector/region/community targeted

Comprehensive consultation process is needed, at both national and local levels, taking into account local knowledge

Need for good coordination between the government, the NIE and the Designated Authority

National plans, i.e. NAPs, NAPAs and CC strategies have to be the starting point

Ad-hoc local projects have to be balanced with programmatic approach at the country level

Enabling environment: vulnerability assessments to be done at the local level to better inform local/national strategies, mainstreaming of adaptation measures across sectors, engagement with institutions to identify technology solutions

- ✓ Group 4: Delivering economic, social and environmental benefits, with particular reference to the most vulnerable communities, while mitigating risks

Lack of technical capacities in identifying ex-ante benefits/risks

Tradeoffs between economic, environmental and social benefits and risks not always evident

Importance of consultation process and vulnerability assessments

Establishment of criteria to identify risks/benefits, at the institutional level, with support of technical expert
EIAs and management plans are costly, hence a need for financial support

Session 7: Implementation of adaptation projects – Experiences from IEs

Representatives of three NIEs and one MIE shared their experiences and lessons learned in implementation of adaptation projects, focusing on the technical aspects and the approaches, with a variety of thematic area. Key takeaways:

- ✓ Active NIE monitoring is key to project success: a reasonable number of visits to subprojects to be undertaken; regular meetings between the NIE and executing entities
- ✓ For sustainability purposes, community participation in project works needs to be considered and it must be ensured that projects are not 'stand-alone' but integrated with national priorities
- ✓ Open and robust communication with stakeholders needs to be maintained

- ✓ A realistic assessment of internal capacities and the documentation of internal processes and procedures could improve project management effectiveness
- ✓ Better understanding of the impacts of, vulnerability to, adaptation to and mitigation of climate change, is important for addressing the complexity of CC for Africa's development.

Session 8: From project to national adaptation planning and action – Achieving transformation

Representatives of the Climate Investment Funds, the Green Climate Fund, the World Resources Institute, GIZ, government and UNFCCC secretariat shared their views on how to achieve transformation in the area of adaptation, including through improved private sector involvement. Key takeaways:

- ✓ To achieve transformative adaptation through scaling, it is important to understand that there is no one-size-fits-all approach to scaling; scaling pathways need to be understood and the activities' readiness to scale needs to be assessed
- ✓ National Adaptation Plans or similar plans are at the center of future adaptation planning and action for developing countries; as they get integrated into development planning, those plans will provide the strategic framework and direction for building resilience and achieve transformation on adaptation
- ✓ From a government perspective, experience suggests that the process of transformation must be strategic, people-centered, resourced, dynamic, monitored and evaluated
- ✓ In the case of Jamaica, AF has been beneficial in supporting strategic level activities, particularly in the agriculture and coastal management sectors
- ✓ Tenets of transformation include: looking at adaptation as a development issue and not just an environmental one; a buy-in from and engagement of all relevant stakeholders, with a special emphasis on civil society and private sector; a macro-level coordination and appropriate technology adoption; and improved monitoring and evaluation mechanisms at national level
- ✓ Mobilizing resources and triggering investments at scale help bearing risks and laying the groundwork for climate-friendly markets
- ✓ Testing and refining financing models could stimulate private sector engagement

Session 9: Complying with the Fund's Environmental and Social Policy

An Environmental and Social Safeguards expert introduced the Fund's Environmental and Social Policy (ESP), including guidance and examples from the Fund's Environmental and Social Safeguards Experts on possible ways to demonstrate compliance with the ESP. A representative from the IFC presented several case studies with a focus on stakeholder engagement, gender, and categorization.

This was followed by a Panel discussion on experience sharing with experts, NIEs and other multilateral financing institutions on compliance with environmental and social safeguards and establishment of grievance mechanisms, from different perspectives. Key takeaways:

- ✓ Meeting the requirements on Environmental and Social Safeguards is a key stumbling block for accreditation
- ✓ Development of a ESS policy is not an end in itself: Organization needs to show how potential and environmental impacts are managed on a project/programme level
- ✓ Working on ESS in an institutions increases the project management capacity of the institutions and the sustainability of its operations
- ✓ To ensure that the potential environmental and social risks would not hinder achieving national and institutional objectives, it is important to build the risk assessment and mitigation measures matrices that will allow setting priorities and identifying risk values.
- ✓ Commitment of relevant executing agencies to support environmental and social safeguards – i.e. gender policy, resettlement policy/procedures, national EIA procedures and existing mechanisms within the NIE to comply with those procedures – should be secured through close consultation with Ministry of Environment and dedicating a local expert to support the project, and consultation with other relevant executing entities
- ✓ Grievance mechanisms have to be as accessible as possible, as it is an important process for affected people to express grievance

Briefing session with eligible NIEs to support other countries in their NIE accreditation application processes through the AF Readiness Programme

The AFB secretariat briefed NIE representatives on two existing opportunities through the AF readiness Programme:

- *The 2nd call for applications to grants for South-South support for accreditation, with a deadline of 28 September 2015 for submission of applications;*
- *The technical assistance programme that will help strengthening the capacity of NIEs, particularly in the areas of environmental and social risk management; a call for experts was launched, to develop a public roster of environmental and social risk management experts, which is available for any eligible NIEs to consult if they so choose in finding experts for planned TA grant assignments. Deadline for experts to submit their CVs is 17 August 2015*

Conclusion: Next steps

Main recommendations from NIEs that emerged from the seminar for follow up:

- ✓ Creating a messaging group for NIEs to share lessons and communicate among themselves (e.g. through Whatsapp)
- ✓ Developing webinar series, to be organized and moderated by the secretariat, around topics to be identified jointly with NIEs.