



ADAPTATION FUND

AFB/B.11/4
September 7, 2010

Adaptation Fund Board
Eleventh Meeting
Bonn, September 16 - 17, 2010

Agenda item 5

REPORT OF THE THIRD MEETING OF THE ACCREDITATION PANEL

I. WORK OF THE PANEL

1. The Panel continued its work using all three previously established modalities of work: email communication, teleconferencing and a face-to-face meeting. Email communication was used to consult on and exchange information and views on the applications under review. The Panel also held two skype teleconferences on August 18 and September 1 to further discuss the applications and finalize the recommendations. On August 9 and 10, 2010, the Accreditation Panel held its third face-to-face meeting in the secretariat's premises in Washington, D.C.

2. As outlined in the operational policies and guidelines, the applications were reviewed by the secretariat. Those which contained the required information and documentation on all fiduciary standards were forwarded to the Accreditation Panel. The list of all applications for accreditation under review by the Panel before the eleventh Board meeting includes two applications from potential NIEs, one NIE application previously considered at the tenth Board meeting with additional information obtained through a field visit, one application from a potential MIE, and additional information from a previously accredited MIE. By the time of the finalization of the present report, the Panel concluded the review of the following applications:

- i. Planning Institute of Jamaica (PIOJ, NIE application)
- ii. Agencia Nacional de Investigacion e Innovacion (National Agency of Research and Innovation of Uruguay (ANII, NIE application))
- iii. United Nations Environment Programme (UNEP, MIE application)

Two further accreditation applications, one for a potential NIE and one for a potential MIE, are still under review by the Panel.

Panel consideration of the applications

Planning Institute of Jamaica (PIOJ)

3. The application was submitted on March 16, 2010, and was first discussed in the second Panel meeting. Following authorization from the Board in its tenth meeting, one expert member of the Panel and one representative of the secretariat visited the PIOJ office in Kingston Jamaica from July 19 – 22, 2010 to obtain additional information and clarifications. The visit proved effective and the open issues were resolved through obtaining the required information and clarifications. During the field visit, the team met representatives of the Inter-American Development Bank and the Canadian International Development Agency who gave a positive assessment of PIOJ as the appropriate entity in Jamaica to be an implementing entity for the Adaptation Fund.

4. After a discussion and review of the mission report and the additional documentation, the Panel decided to recommend the Planning Institute of Jamaica (PIOJ) for accreditation.

Agencia Nacional de Investigacion e Innovacion (National Agency of Research and Innovation of Uruguay; ANII)

5. The secretariat received the application on June 1, 2010 in Spanish. The application was resubmitted in English on July 23 and the secretariat forwarded it to the

Panel on July 28. The Panel asked for and received additional information during the review process. The Panel noted that ANII is a relatively new entity, though it is administering funds of over US 120 million over the next four year period and therefore the demonstration and evidence of their work related to recent and ongoing projects was difficult. However, the organization's competence and systems appear to be well suited for the role of an IE.

6. The overall assessment of the entity was positive and the Panel concluded that ANII could be recommended for accreditation.

United Nations Environment Programme (UNEP)

7. UNEP was accredited as an MIE at the tenth Board meeting. However, the accreditation was granted with the request for more frequent reporting for projects to be implemented by UNEP. UNEP provided new documentation to demonstrate that the underlying concerns of the Panel have been resolved. This was followed up by the Panel which also held a teleconference with representatives of UNEP during its third meeting

8. The Panel concluded that issues and concerns had either been addressed or progress had been demonstrated; the additional requirement to be imposed on projects implemented by UNEP could thus be lifted. The Panel provided the Chair of the Board with details to explain the reasons for lifting the additional requirements.

Panel Consideration of work procedure

9. The Accreditation Panel discussed the possibility of resubmission of an application recommended for non-accreditation. Such a possibility is already contained in the current operational policies and guidelines for applicant NIEs but not for applicant MIEs. Thus the Panel recommends to the Board, upon a revision of its operational policies and guidelines, to add the following sentence to paragraph 34: "This rule shall also apply to an applicant MIE that does not meet the criteria for accreditation."

Draft paper on support to the accreditation of NIEs

10. As requested by the Board in its decision B.10/3, the Accreditation Panel, with the support of the secretariat prepared a paper on how to best support the creation of NIEs. The requested paper is attached to the present report as an annex. The paper outlines the background of the accreditation process, including the screening of the applications by the secretariat, and the number of applications and expressions of interest received to date. It also elaborates on the reasons behind the deficiencies in the applications.

11. The paper recommends, among other actions, that an online tool-kit to guide the applicants and better clarify the fiduciary standards be prepared. A guide/manual on accreditation is also proposed as a second step in the production of information material on accreditation. The Terms of Reference and budget estimates for the development of such material are also attached as Appendix.

II. RECOMMENDATIONS

Accreditation of the Planning Institute of Jamaica (PIOJ)

12. The Accreditation Panel, having considered the accreditation application of the Planning Institute of Jamaica, including the outcome of the field visit of July 19-22, 2010, recommends to the Adaptation Fund Board to accredit the Planning Institute of Jamaica as the National Implementing Entity of Jamaica.

(Recommendation AFB/AP.3/1)

Accreditation of the Agencia Nacional de Investigacion e Innovacion of Uruguay

13. The Accreditation Panel, having considered the accreditation application of the Agencia Nacional de Investigacion e Innovacion of Uruguay, recommends to the Adaptation Fund Board to accredit the Agencia Nacional de Investigacion e Innovacion as the National Implementing Entity for Uruguay.

(Recommendation AFB/AP.3/2)

Waiving the additional requirements for the accreditation of the United Nations Environment Programme

14. The Accreditation Panel, having considered the additional documentation and oral information submitted by the United Nations Environment Programme, recommends to the Adaptation Fund Board to repeal the requirement of more frequent reporting on projects to be implemented by the United Nations Environment Programme.

(Recommendation AFB/AP.3/3)

Revision of the operational policies and guidelines

15. The Accreditation Panel recommends to the Adaptation Fund Board to amend the paragraph 34 of its operational policies and guidelines, upon the revision, by adding the following sentence at the end of the paragraph: "This rule shall also apply to an applicant MIE that does not meet the criteria for accreditation."

(Recommendation AFB/AP.3/4)

Support to the accreditation of NIEs

16. The Accreditation Panel, having considered the options of support for the creation of National Implementing Entities, recommends to the Adaptation Fund Board to consider the paper on that issue, attached in Annex of the present report, including the Terms of Reference for the development of an online tool-kit and a guide/manual to help aspiring applicants for National Implementing Entities.

(Recommendation AFB/AP.3/5)

Annex

I. Note by the secretariat

1. The Board at its tenth meeting decided:
[...]
(e) *To request the Accreditation Panel, with the support of the secretariat, to consider the views expressed at the present meeting and prepare a paper on how best to support the creation of National Implementing Entities (NIEs) and to present its findings at the eleventh meeting of the Board;*
[...]

(Decision B.10/3)

2. The information contained in the present annex has been prepared by the Accreditation Panel with the support of the secretariat following the mandate above and is submitted to the Board for its consideration.

II. Support to the accreditation of National Implementing Entities

a) *Background*

3. The Parties to the Kyoto Protocol in their decision 1/CMP.3 decided that eligible Parties shall be able to submit their project proposals directly. In order to do that, they shall meet the criteria adopted by the Board.
4. At its seventh meeting, the Board adopted fiduciary standards which are listed in Paragraph 32 of the operational policies and guidelines and govern the competencies and specific capabilities that Implementing Entities (IEs) have to meet relating to:
 - financial management and integrity which cover the area of Governance of IEs;
 - Requisite Institutional Capacity that mainly focus on the project cycle capability; and
 - Transparency, self-investigative powers, and anti-corruption measures which deal with the financial mismanagement and other forms of malpractice.
5. An accreditation process was established to assess the fiduciary capacity of the entities that would seek to implement project proposals funded by the Fund. Illustrative means of verification of the required competencies and specific capabilities required were developed to give guidance to IEs and included as annex 2 of the operational policies and guidelines Paragraph 33 of the operational policies and guidelines states that *accreditation for the implementing entities would follow a transparent and systematic process through an Adaptation Fund Accreditation Panel supported by the secretariat.*
6. The Board at its seventh meeting decided to invite non-Annex I Parties to the Kyoto Protocol to nominate national entities for accreditation as NIE, in order to directly access the resources for undertaking the Adaptation Fund projects or programmes at the national or regional level.
7. At the eighth Board meeting, the Accreditation Panel was constituted. The first batch of accreditation applications were received at the secretariat during January and February

2010 and several, including one from an applicant NIE, were deemed complete enough to be forwarded to the Panel Members for review and subsequent discussion at its first meeting in February 2010.

b) Work undertaken by the secretariat in the accreditation process

8. As of the date of issuance of the present document, the secretariat has received about 30 accreditation applications and expressions of interest from potential NIEs of non-Annex I Parties. Out of that number, only four have been forwarded to the Panel for review.

9. In accordance with paragraph 33 (c) of the operational policies and guidelines *The secretariat will review the documentation to ensure that all the necessary information is provided, and will follow-up with the potential implementing entities to ensure that the application package is complete. The secretariat will forward the complete applications package to the Accreditation Panel within (15) fifteen working days following receipt of a candidate implementing entities' submission.*

10. In reviewing the proposals submitted, the secretariat has identified the following gaps in the applications that prevent them from being forwarded to the Panel for further review:

- Non submission of supporting documentation;
- Supporting documentation missing for some of the fiduciary standards; in particular, the standards related to the institutional capacity (especially capacity to undertake project appraisal, monitoring and evaluation) and to transparency, self-investigative powers and anti-corruption measures;
- Supporting documentation provided that is not relevant to the standard that it intends to demonstrate;
- Supporting documentation that describes plans and policies related to a fiduciary standard but fails to provide documentary evidence that those are followed;
- Supporting documentation in languages other than English;
- Lack of endorsement from the government Designated Authority;
- Lack of appointment of a Designated Authority.

11. In the cases listed above, the secretariat has written back to the applicant explaining the outstanding requirements. In most cases, the applicant has not gotten back to the secretariat.

12. Through exchanges with country representatives and the review of the applications submitted, it has become clear that it is a challenge to put together an accreditation application. This may be related to:

- Lack of clarity of the standards and the supporting documentation requested;
- Lack of clarity on the process;

- Difficulties due to language barriers;
- Conceptual novelty of the NIE function and previous absence of such a role within the government;
- Difficulties to identify the best suited institution to function as NIE in the country;
- Fiduciary standards met jointly by more than one institution in the country but not by one single institution.

13. The secretariat is currently implementing an awareness raising programme on the accreditation process. The programme comprises power-point presentations taking advantage of regional or multilateral meetings. While these events have been helpful to disseminate information and answer questions on the accreditation process, further action may be required to assist developing countries to successfully apply for accreditation.

c) Findings by the Accreditation Panel. Issues identified.

14. The Panel has identified the following eight steps in the accreditation of an NIE and the associated gaps:

- i. Appointment of the Designated Authority for the country. There is a gap due to:
 - A lack of information and coordination at the country level and this need to be analyzed and resolved on a country by country basis.
- ii. Identification of potential NIE. There is a gap due to the difficulties faced by the countries to identify an appropriate entity that can function as an NIE. The gap is due to:
 - A lack of understanding of what an appropriate NIE would be;
 - A lack of a clear definition of what structure an NIE should have; and
 - Some countries not having an appropriate entity to nominate. The effort to establish a NIE from scratch would require considerable efforts and time, thus delaying the option of direct access to the resources from the Fund. In these cases, the access through an MIE would be the preferred alternative for the immediate future.
- iii. Potential NIE must adjust to Adaptation Fund requirements. There is a gap because the entities require clearer guidance in order put in place systems that will fill the gaps in their ability to meet the fiduciary standards.
- iv. Preparation of application for accreditation. There is a gap because:
 - It is often unclear to the applicant what supporting documentation is needed to demonstrate each standard.
- v. Submission of NIE Application. There is a gap because:
 - The current design of the application form is not entirely useful for accreditation of implementing entities. For instance:

- It is designed in part for implementing agencies and in part for executing agencies,
 - While there are some overlapping areas, some other areas are missing,
 - It is focused too much on systems of the implementing entity that are not related to the execution of projects, for example it requires information on departmental accounting while the Panel needs to consider the project accounting methodology,
 - Other areas of interest include whether the entity has a project identification, appraisal, approval, and implementation plan, project supervision, project-at-risk methodologies, post-evaluation and these can be better streamlined, and
 - There needs to be a clear statement relating to the tone at the top to address fraud and mismanagement.
- vi. Screening of the application by the secretariat. There is a gap because:
- The activities and communications with the applicant that is required to get the applications responsive to the standards and sufficiently complete for the Panel's review are much more intense than was originally envisaged.
- vii. Review of the application by the Accreditation Panel. There is a gap in the communication with the applicant because:
- Individual Panel Members, who are reviewing the application, request additional information from the applicant through the secretariat. Such replies are needed in time for the Panel meetings and that is often within a short timeframe.
 - As a result of the Panel meeting, again, additional information may be needed and the applicant usually has only a few days or a week time to respond in order to meet the deadline of the Panel that needs to reflect the full situation in its report and recommendation to the Board in its forthcoming meeting.
 - On some occasions the Panel judged it desirable to have one of its members visit the applicant on behalf of the Panel. This was the case for one applicant that had not been able to provide the needed documentation yet was convinced it met the required standards. While this is possible according to the rules the budgetary implications require Board approval and thus involved a three month delay for the accreditation. It would be opportune if a few of those visits are foreseen in the annual budget.
- viii. Approval of the accreditation by the Board. There is a gap because:
- The Board is required to approve the recommendation of the Panel based solely on the report of the Panel. For valid confidentiality reasons, the access to the application and supporting documentation that would support its decision is limited.

15. The Panel reviewed possibilities to add resources to help the potential NIE applicants and identified several possibilities:
- I. Supporting potential NIE applicants through funding their capacity building: This option would be very expensive for each entity and would divert the focus of the Adaptation Fund away from climate adaptation to strengthening the capacity of entities. Such activity would overlap with other multilateral donors such as development banks and UN agencies who are more equipped to handle these tasks. Since the Board has decided not to use resources from the Fund for capacity building purposes, this option does not seem to be viable. Nevertheless, the Board may want to intensify its efforts to engage bilateral and multilateral agencies with the objective to have them finance or provide assistance to the applicants and thereby increase the resource flow for capacity building.
 - II. Supporting the creation of a help desk or equivalent. This option can contribute to providing a better and more organized assistance to the potential applicants and it already exists as the current process consists of sending back information after the screening and review process. However, this capacity is limited and if the number of applications and/or consultations dramatically increase, it will be difficult for the secretariat to provide support. The helpdesk can also assist designated authorities to identify potential applicants for national implementing agencies. A helpdesk may be instrumental to reduce the number of pending incomplete applications and get them ready for accreditation by the Panel. However, it requires an allocation of resources to have an effective helpdesk as intended.
 - III. Field-visits by a member of the Accreditation Panel with the support of the secretariat help desk. As explained above, there are occasions when a visit of one of the Panel members can make a difference in getting the right information and documents to the Panel and thereby increase the possibility for obtaining a positive accreditation recommendation. The visits also provide an opportunity for the Panel to get a first hand feel of the organization's culture, competencies and experience. It is again another measure to be able to accredit some of the entities that at the moment have an incomplete application. This procedure is possible under the existing rules and could be facilitated by having an annual budget for a few of these visits per year.

d) Recommendations on possible ways forward

16. The Board may wish to consider the following steps to increase the number of National Implementing Entities that can be accredited:
- Address the difficulties that the potential applicants may face when preparing an accreditation application, by improving and updating the communication tools that are available in order to disseminate information on the steps and requirements of the accreditation process. This would entail providing better structured and detailed information on the accreditation process; in particular, on the necessary steps to prepare the application, the selection of an appropriate entity, and the supporting

documentation needed to demonstrate the required capabilities. The details of this recommendation are included in the appendix.

- Aim to launch this material during the Adaptation Fund side-event scheduled to take place during CMP 6 in Cancun.
- As part of the next budget exercise establish a provision to create a helpdesk for the accreditation process and to enable a few visits to applicants by a Panel member with the support of the helpdesk.
- The Board may wish to request the Accreditation Panel to undertake an exercise to clarify the approved fiduciary standards and the supporting documentation requested and to submit its findings to the Board. This exercise may lead to a review of the accreditation application in order to make it more understandable for the applicants.

Problem solution matrix

Barrier Identified	Proposal
Lack of clarity of the Fiduciary Standards <ul style="list-style-type: none"> • Confusion between requirements of implementing and executing activities • Too much attention on internal entity processes as opposed to activities related to project • Unclear order of standards 	Clarification of fiduciary standards and supporting documentation required
Lack of clarity on the process for an NIE <ul style="list-style-type: none"> • Need to strengthen secretariat support 	Communications tools Helpdesk
Lack of clarity of supporting documentation requested: <ul style="list-style-type: none"> • Non submission • Parts missing <ul style="list-style-type: none"> ○ Project cycle ○ Investigations • Non relevant information • Describes policies but no demonstration of it being followed 	Clarification of fiduciary standards and supporting documentation required Visits by Panel/secretariat
Difficulties due to language barriers <ul style="list-style-type: none"> • Documentation other than English 	
No Designated Authority appointed	Communications tools and help desk
No endorsement from Designated Authority <ul style="list-style-type: none"> • Difficulties in identifying the best suited institution to function as NIE in the country • Conceptual novelty of the NIE function • Fiduciary standards met jointly by more than one institution in the country but not by one single institution 	Communications tools and help desk
AFB requirements are not clear enough to allow a potential NIE to put required systems in place	Communications tools
Capability to complete application <ul style="list-style-type: none"> • Application not clear • Application difficult to complete 	Communications tools Engage bilateral and multilateral agencies to provide support

Appendix

1. The Panel recommends that the Board develops and distributes more user-friendly communications tools. This involves the preparation of an operational manual or step-by-step guide and a tool-kit to assist countries in the accreditation process. This would include:
 - Expanding the documents already produced: (operational policies and guidelines; TORs for the accreditation panel; fact-sheet on accreditation) and make the accreditation application part of a tool-kit that would help countries in the preparation of the application and the identification of the appropriate entities. Recognizing that country circumstances differ, use would be made of concrete examples to the extent they are available and applicable to a wide number of countries.
 - The guide/tool-kit would be developed by a consultant and its first draft would go through a peer review process which would include the Chair and Vice-Chair of the Board and the members of the Panel, assisted by the secretariat. It would also be an interactive tool available through the website and/or through CDs/USB memory sticks. The interactive nature of the tool-kit is essential since this will be a living document and would need to be amended in line with the developments and further updates in the accreditation process. Since the exercise aiming at clarifying the fiduciary standards can introduce changes in the tool-kit, it is suggested that a initial version of the tool-kit is launched at a side-event during CMP 6 in Cancun. The final version will be prepared once the process of clarification of the fiduciary standards is finalized.
 - Additionally, a brochure could be developed to guide potential applicants to the website for the tool-kit.
 - As a second step in the production of communications tools on accreditation, an operational manual/step by step guide on accreditation could also be produced.
2. It is important that the production of this material is supervised and driven by the Board. The multilateral agencies that have expressed the interest in supporting the accreditation process of NIEs could assist by disseminating this material through regional seminars and workshops organized in developing countries and other related activities.
3. The terms of reference and budget estimates for the consultancy follow.

Communications Short Term Consultant Assignment

I. Background and Objectives

The Adaptation Fund has been established by the Parties to the Kyoto Protocol of the UN Framework Convention on Climate Change to finance concrete adaptation projects and programs in developing countries that are Parties to the Kyoto Protocol. The operating entity of the Fund is the Adaptation Fund Board, and the Global Environment Facility is providing secretariat services to the Board, on an interim basis.

The AFB secretariat is seeking an experienced communications professional with a good understanding of climate change and development issues for a short term consultant appointment of 45 days, with the possibility of extension.

Vulnerable developing countries may use two different tracks to access resources from the Adaptation Fund: (i) direct access through a national implementing entity, or (ii) using the services of a multilateral implementing entity. The option of direct access opens a new opportunity for developing countries, since they will be able to access Adaptation Fund financing and implement projects through a national legal entity that attains accreditation as a National Implementing Entity (NIE). To attain accreditation, NIEs shall go through an accreditation process and demonstrate that they meet the fiduciary and management standards that the Board has established.

In order to address the difficulties that the potential NIE applicants may face when preparing an accreditation application, the Adaptation Fund Board requested better structured and detailed information on the accreditation process; in particular, the selection of an appropriate entity, the necessary steps to prepare the application, and the supporting documentation needed to demonstrate the required capabilities.

The AFB secretariat has been assigned the task to prepare an operational handbook or step-by-step guide to assist countries in the accreditation process. This includes the expansion of the existing documents (operational policies and guidelines; TORs for the accreditation panel; fact-sheet on accreditation) and the application into a tool-kit that would help countries in the preparation of the application and the identification of the appropriate entities.

Recognizing that country circumstances differ, use would be made of concrete examples to the extent they are available and applicable to a wide number of countries.

II. Tasks and Deliverables

The consultant will produce the following material:

1) Refinement and update of existing documents

The existing documents a) sections of the operational policies and guidelines that pertain to the accreditation process; b) TORs for the accreditation panel; and c) fact-sheet on accreditation needs to be reviewed, updated and adapted to ensure readability and ease of use for country proponents.

2) Tool-kit:

Transform the application information document into a booklet of not more than 10 pages with a large number of visual interpretations of the messages, including tables, graphics, pictures etc. Its first draft will go through a peer review process (managed by the consultant) which will include the Chair and Vice-Chair of the Board and the members of the Accreditation Panel, assisted by the AFB secretariat.

3) Interactive Tool:

The interactive tool should be developed to conform to the web. It should be made available through the website as well as through USB memory sticks. The interactive nature of the tool-kit is essential since this will be a living document and would need to be amended in line with the developments and further updates in the accreditation process.

4) Printed copies of the tool-kit (max. 20 copies)

The printed copies will serve as sample for the launch and possibly as reference material at the booth during the UNFCCC COP16/CMP6 in Cancun in November-December 2010.

5) Flyer/fact sheet

This one page fact sheet should be designed to guide potential applicants to the URL for the tool-kit.

An initial version of the tool-kit and the interactive tool will be presented during the Adaptation Fund side-event scheduled to take place during CMP 6 in Cancun in December 2010. The rest of the communications material will be produced at a later stage.

6) A pamphlet (max 500 copies)

The pamphlet is to announce the development and launch of the tool-kit and its main features at the Cancun side event.

7) CDs and/or USB memory sticks (500 pieces):

These are to be distributed at the COP/CMP side-event in Cancun, and also handed out to the UNFCCC focal points and/or AF Designated Authorities in each country.

III. Qualification Requirements

The Consultant should have at least 10 years of experience in communications for environmental issues at an international level. He/she should have a track record in developing such multimedia tool-kits for other international entities. The Consultant must demonstrate excellent strategic thinking as well as proven capacity to deliver.

Additional qualifying characteristics:

- Excellent editing and writing skills in English;
- Sensitivity and good diplomatic manner in dealing with internal and external clients at all levels;

- Thorough understanding and knowledge of development and environmental issues, with a special focus on climate change and adaptation;
- Dynamic and reliable personality with effective communication and networking abilities;
- Good planning and organizational skills;
- Strong capacity to think and act strategically;
- Ability to disseminate information effectively and strategically;
- Ability to work effectively across teams in a multi-cultural and matrix-managed environment;
- Ability to work under pressure and tight deadlines;
- Full proficiency in the use of modern office technology (e.g., Word, Excel.).

IV. Reporting Requirements

The production of this material is supervised and driven by the Adaptation Fund Board. The Consultant will work closely with the project team and will report to the AFB secretariat on a daily basis.

V. Project Team

The AFB secretariat and GEF secretariat team will consist of

- Marcia Levaggi, manager, AFB secretariat
- Mikko Ollikainen, adaptation officer, AFB secretariat
- Christian Hofer, senior communications officer, GEF secretariat
- Other staff and/or consultants may be utilized, as appropriate or requested, within capacity constraints.

VI. Budget and timeline

The consultancy is to start on September 17, 2010, comprises of 45 days, and ends on March 15, 2010.

Tentative timeline:

September 17 – November 30, 2010:

Develop a demo version of the tool-kit and launch it online, including transforming the related forms into writable PDF documents (this will enable countries to just fill in the forms online and print or send them electronically). This phase will also include a peer review of the tool-kit.

November 30, 2010 – March 15, 2010:

Refine the tool-kit and develop the manual.

Tentative budget:

1. Consultant to develop the module:	US\$ 20,000
2. IT consultant	US\$ 6,000
3. Production of pamphlet	US\$ 1,000
4. Production of branded CDs and USB memory sticks	US\$ 13,000
TOTAL:	US\$ 40,000