



ADAPTATION FUND

AFB/B.25/5
27 March 2015

Adaptation Fund Board
Twenty-fifth Board Meeting
Bonn, Germany, 9-10 April 2015

Agenda item 9 b)

READINESS PROGRAMME: PHASE I PROGRESS REPORT AND PHASE II PROPOSAL

Background

1. The Adaptation Fund Board (the Board) at its twenty-first meeting recognized the need for a programme to support readiness for direct access to climate finance for national and regional implementing entities, and requested the secretariat to prepare a programme proposal for such a programme. The Board at its twenty-second meeting approved Phase I of the Readiness Programme as detailed in document AFB/B.22/6 (decision B.22/23), which was launched in May 2014.

2. At the tenth session of the Conference of the Parties serving as meeting of the Parties to the Kyoto Protocol (CMP 10), the Parties recognized the Fund's Readiness Programme and decided to invite *further support for the readiness programme of the Adaptation Fund Board for direct access to climate finance in accordance with decision 2/CMP.10, paragraph 5.*¹ The Parties also requested the Board *to consider, under its readiness programme, the following options for enhancing the access modalities of the Adaptation Fund:*

(a) Targeted institutional strengthening strategies to assist developing countries, in particular the least developed countries, to accredit more national or regional implementing entities to the Adaptation Fund;

*(b) Ensuring that accredited national implementing entities have increased and facilitated access to the Adaptation Fund, including for small-sized projects and programmes;*²

3. Document AFB/B.25/5 is a brief progress report on the activities of the programme through the end of March 2015. The second part of the document takes into account the results from Phase I of the programme and integrates decision 2/CMP10 into a proposal for Phase II of the Readiness Programme for the fiscal year 2016 (FY 16) (July 1, 2015- June 30, 2016) for consideration by the Board.

Progress report

4. The first phase of the programme was developed and implemented through three core activities:

(a) Seminars and regional workshops convening stakeholders in the full cycle of climate finance, from accreditation through project design, implementation, monitoring and evaluation.

(b) Online collaboration and knowledge sharing encouraged through building an online knowledge exchange.

¹ Decision 1/CMP.10, paragraph 9.

² Decision 2/CMP.10, paragraph 5.

- (c) South-South grants to support experienced national implementing entities (NIEs) to assist countries working to become accredited for climate finance.

5. The specific objectives of the programme 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 a new environmental and social policy in November 2013, the programme also provides 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.

6. From the launch of the programme in May 2014 till the end of March 2015 work has been done in all three of the above areas. The paragraphs below provided details on specific activities.

Seminars/Workshops

7. The secretariat held a series of seminars. Six seminars were undertaken during the reporting period:

- (a) Climate Finance Readiness Seminar #1: Held 1-2 May in Washington DC with a focus on convening experts and thought leaders in climate finance readiness, sharing experiences and charting paths forward.
- (b) Climate Finance Readiness Seminar #2: Held 15-17 July in Washington DC with a focus on readiness throughout project cycle targeting accredited entities – particularly NIEs.
- (c) Climate Finance Readiness Seminar #3: Held 10-12 September, Bangkok, Thailand and co-hosted with UNEP, focus on increasing capacity of applicant and accredited implementing entities in Asia and the Pacific Islands.
- (d) Climate Finance Readiness Seminar #4: Held 23-26 March, Panama City, Panama and co-hosted with the Latin American Development Bank (CAF) and the National Environment Authority of Panama, focus on readiness throughout the project cycle and accreditation for potential entities in Latin America and the Caribbean
- (e) 1-4 July - First NIE Readiness Workshop in Africa, Nairobi, Kenya, focus on accreditation process and implementation of projects. The workshop was hosted by the National Environment Management Authority (NEMA) of Kenya, and co-organized by the Heinrich Boell Foundation, Adaptation Fund, and the Climate and Development Knowledge Network (CDKN)
- (f) 15-19 September Adaptation Fund Workshop Pacific Island States: The Secretariat of the Pacific Regional Programme (SPREP), an accredited RIE of the Fund, hosted a workshop in Apia Samoa from 15-19 September. The workshop provided an opportunity for participants to learn more about the Adaptation Fund, the project cycle and the accreditation process. The workshop was supported by the Asia Pacific Adaptation Network (APAN) and the Ministry of Environment, Japan through their Institute for Global

Environmental Strategies (IGES), the Secretariat of the Pacific Community through their European Union Global Climate Change Alliance, the Pacific Island Forum Secretariat, and UNEP through the Climate Technological Centre and Network (CTCN).

8. One final Climate Finance Readiness workshop is being planned in Windhoek, Namibia in partnership with the Heinrich Boell Foundation, the government of Namibia, and the Desert Research Foundation of Namibia (DRFN). The workshop will take place 18-20 May with a focus on the accreditation process for potential entities in Southern Africa.

9. Out of the several seminars and workshops convened over the past year recurring messages have been expressed, these included:

10. Benefits of going through the accreditation process

AF accreditation:

Raises the profile of climate change adaptation in-country

- can help mobilize additional resources for climate change adaptation
- helps “fine-tune” an organization’s policies, procedures, and standards, and align with international standards
- Validates organization’s process and increases its national and international reputation
- consolidates a commitment to implementing the project
- places an NIE in a position to promote collaboration with other national and multilateral organizations in-country
- NIEs can take on more responsibilities related to climate finance having gone through the process

11. Main challenges faced by NIEs going through the accreditation process:

- The political process of choosing the right entity
- The process is time consuming and highly demanding
- Lack of appropriate documentation of certain operations or policies
- When English is not the working language, translation is costly and time consuming

12. Other issues

- The predictability of financing is an important incentive
- Some NIEs are already providing South-South cooperation to other entities in the same region or even in other regions. It is useful because entities facing the same challenges and constraints are likely to better understand each other and this type of collaboration should be promoted
- Applicants should seek external assistance/financial support to address identified gaps
- It would be helpful to organize additional regional workshops to encourage learning and networking

- One on one meetings with the experts from the Accreditation Panel was cited by the participants as one of the most useful parts of the Bangkok seminar
- Concern about how AF's accreditation process will align with the evolving GCF process as well as more generally about AF resource mobilization, alignment/partnership with GCF were main questions, repeated throughout the week in different forms
- Strong message that AF is very much needed and a model that should be repeated and learned from
- Clear articulation that GCF standards should be as close to AF's as possible

13. One major issue highlighted from accredited NIEs is that while the project preparation grant (PPG) is useful, the limit of \$30,000 is insufficient to undertake all aspects of developing a full proposal.

14. Summaries of all of the Adaptation Fund Seminars as well as all presentation materials can be found on the Fund website: <https://adaptation-fund.org/node/3944>

South-South Cooperation Grants

15. Within the reporting time frame the secretariat also launched a call for proposals for South-South cooperation grants. Four proposals to support countries in identifying suitable national institutions as NIE candidates and preparing an application for accreditation have been submitted and approved:

- Senegal (CSE) on behalf of Cape Verde
- Senegal (CSE) on behalf of Chad
- Senegal (CSE) on behalf of Niger
- Rwanda (MINIRENA) on behalf of Burundi

16. These proposals were submitted to the PPRC for review at the twenty-fourth Board meeting. Three were approved at that time and the outstanding proposal was resubmitted and approved intersessionally. As of 25 February 2015 all four projects have been approved for a total amount of USD 194,447. Funded activities in the four countries are scheduled to be completed by July 2015. All four proposals can be found on the Fund website: <https://adaptation-fund.org/node/4005>.

Environmental and Social Policy Support

17. Providing support for implementing the Fund's Environmental and Social Policy was also part of the readiness programme. As such, in each of the seminars/workshops the policy and its implications on both accreditation and project formulation have been discussed with a specific case study designed to address the issue.

18. A guidance document on how to address the policy during project design has also been developed and circulated for comments. Comments to the guidance have been incorporated and the document is currently being edited.

19. As part of the programme, the Fund will provide small technical grants to accredited NIEs to help support capacity building in this area. The secretariat has circulated surveys to the Fund's accredited NIEs to assess the needs of entities and determine the best for of support. The secretariat is also recruiting a consultant to develop training materials to support the capacity building activities. The Environmental and Social support grants will be launched by 15 June 2015.

Knowledge Exchange Microsite

20. Another part of the readiness programme is supporting the development of an adaptation finance readiness knowledge exchange that will play a major role in disseminating knowledge and tools to enable access to adaptation finance.

21. The secretariat worked closely with CDKN on a strategic partnership to create "Climate Finance Ready," a new website that will provide an online platform for climate finance readiness. (<http://climatefinanceready.org/>) The site was launched during the COP in Lima in November 2014.

22. The site will provide practitioners and others with best practices, news articles, links to resources, opportunities for sharing experiences, and more. With the Climate Finance Ready website, the Fund and CDKN aim foster ongoing dialogue and collaboration in climate finance readiness. The partnership website is a key part of the Readiness Programme for Climate Finance, which helps strengthen the capacity of national and regional entities to receive and manage direct access climate financing as they adapt and build resilience to changing climate conditions in sectors ranging from agriculture and food security to coastal zones and urban areas.

Programme Performance/Results

23. Increased NIE/RIE accreditation applications: Since the launch of the Readiness Programme, the Fund has received five new completed NIE applications and two new RIE applications. There are also five additional NIEs that have been nominated by designated authorities (DAs) but for which applications have not yet been submitted.

24. Increased NIE Project Proposals: For the twenty-fourth Board meeting, 13 project proposals were submitted 12 from NIEs and one from an RIE. For the twenty-fifth Board meeting nine project proposals have been submitted seven from NIEs and two RIEs.

25. Increased Partnerships Built: The Fund's inaugural Readiness Seminar on Climate Finance brought together experts from diverse organizations, including the Climate Investment Funds (CIF), the Green Climate Fund (GCF), the World Bank's Climate Change Group, Climate and Development Knowledge Network (CDKN), Conservation International (CDKN), the Global Environment Facility (GEF), the Inter-American Development Bank (IADB), the Nature Conservancy, German aid group GIZ, Heinrich Boell Foundation, the COP Presidency, UNFCCC secretariat and others.

26. The secretariat also collaborated and built partnerships specifically co-organizing its third seminar with UNEP and collaborating with Heinrich Boell Foundation and SPREP on workshops related to the Fund. CDKN, in addition to partnering on a Climate Ready website, provided support

to both the workshop that took place in Nairobi as well as supporting the participation of a couple of countries to the Bangkok workshop.

27. An additional result of the Phase I of the programme was the establishment of a community of practice of NIEs and RIEs that participated in the workshops. The agencies reported that they greatly benefited from learning from each other's experiences on both best practices and challenges, and from the informal exchanges they were able to have in the course of the workshops. Therefore, they expressed a wish to continue such exchanges on a regular basis. The value of the experience in this community of practice has been also recognized by other actors in the adaptation finance field: five of the AF NIEs and one RIE were invited by the UNFCCC Adaptation Committee to present their experiences in the Committee's Workshop on the Means of Implementation for Enhanced Adaptation Action, which took place in Bonn on 2-4 March 2015.

28. Increased Visibility and Thought Leadership Positioning: The programme has helped increase the visibility of the Fund, and positioned it as a thought leader in climate finance readiness. Through outreach about each of the seminars, to the media and practitioners and on the Fund's digital channels, the programme's reach has been global and has strengthened the Fund's brand. The secretariat worked closely with CDKN on a strategic partnership to create "Climate Finance Ready," a new website that provides an online platform for climate finance readiness. (<http://climatefinanceready.org/>) The site was launched during the COP in Lima in November 2014

Budget through February 2015

29. Through the end of February 2015 – a little over 50% of the total Board approved budget has been committed (see Table 1). The secretariat estimates that by the end of FY15 (June 30, 2015) the total budget committed will be close to 80%. This includes:

- (a) Latin America and Caribbean region workshop in cooperation with CAF (Panama City, 24-26 March 2015). CAF contributed US\$54,000 to the workshop. The total estimated cost of the workshop is approximately US\$140,000 (including secretariat travel, expert consultant travel and fees). The National Environment Authority of Panama (ANAM; in March 2015 elevated and renamed as the Ministry of Environment) co-hosted the workshop and contributed with local staff, logistics and reception. The total estimated costs to the secretariat readiness budget is US\$89,000.
- (b) Southern Africa sub-regional workshop in cooperation with Heinrich Boell Foundation (Windhoek, Namibia, 18-20 May 2015). The total estimated cost is approximately US\$131,000. Heinrich Boell Foundation will contribute approximately US\$40,000 to the workshop. The Ministry of Environment and Tourism of Namibia and the NIE Desert Research Foundation of Namibia (DRFN) will also collaborate with organizational aspects of the workshop. The total estimate costs to the secretariat readiness budget is therefore US\$90,000.
- (c) Commitment of several small environmental and social grants totaling approximately US\$100,000.

Table 1: Phase I: Readiness Programme Approved & Committed Budget (USD) FY14-15

	Budget Approved FY14-15 (USD)	Committed through 02/2015 (USD)
Secretariat Budget		
Personnel Component (Consultants & others)	301,850	113,899
Climate Seminars (inclu travel; logistics etc)	323,150	173,694
General Operations/Publications Outreach	45,000	12,170
Secretariat Total	670,000	299,763
Small Grants		
South-South	150,000	194,447
E&S grants	150,000	0
Grant Total	300,000	194,447
Program Total	970,000	494,210

Proposal for Phase II of Readiness Programme

30. Overall, the first phase of the Adaptation Fund's readiness programme has been quite successful. The secretariat is proposing a Phase II to undertake during FY16 (July 1, 2015-June 30, 2016) maintaining a modest budget. As was done in Phase I, the secretariat will actively partner and collaborate with other organizations on different activities to not only share costs but strengthen collaboration in this important area.

31. Phase II will build on Phase I undertaking and expanding on already successful initiatives and introducing additional elements. The following paragraphs outline the proposed components of work, results framework, and proposed budget (any portion of the FY14-15 approved budget not utilized by June 30, 2015 will be returned to the trust fund and if the Board approves can be utilized in a revised budget for Phase II FY16):

1) Component 1: Support to Accredited Implementing Entities:

From the feedback provided by the AF's accredited entities, the secretariat has identified a number of areas of support particularly after an NIE has been accredited. The activities that fall under this component include:

- (a) *AF Introduction seminar:* familiarizing all accredited IEs with AF policies and procedures and training them on preparing quality projects and programmes for adaptation (yearly – July). The focus would be for newly accredited NIEs however all accredited IEs would be encouraged and welcome to come. Thematic issues such as

- community consultation process, environmental and social impact assessment and management plans, and/or procurement practices will be identified and be developed through the seminars mentioned under component 2(c).
- (b) *Peer-to-Peer learning*: facilitating peer-to-peer learning among the AF NIEs. Activities would include periodic webinars on a particular topic (i.e. procurement, stakeholder engagement, M&E etc.); convening NIEs/RIEs at key UNFCCC meetings that many NIE representatives attend; connecting NIEs that might be struggling with similar issues.
 - (c) *Environmental and Social Policy*: continuing to provide small grants for accredited NIEs to strengthen their capability to address and manage environmental and social risks within their projects/programmes, in accordance with the Fund's environmental and social policy;
 - (d) *Project Formulation Assistance*: providing additional support to accredited NIEs for project formulation; the AF has partnered with the Climate Technology Centre and Network (CTCN) to help provide technical assistance for projects promoted by national implementing entities in developing countries and will encourage NIEs to seek out this support; additional small grants on top of PFGs for NIEs that need funding to undertake a specific technical assessment (i.e. EIA, vulnerability assessment etc.)

2) Component 2: Cooperation/Partnership with Climate Finance Readiness Providers

A major success of Phase I has been the partnerships and joint- activities the AF has built and undertaken with other organizations around the globe. Component 2 would build upon the existing partnerships established and forge new ones. The activities that fall under this component include:

- (a) *Community of Practice and Training*: training/guidance for NGOs, multilaterals and bilateral organizations etc. already working with NIEs to get accredited; Partnering with the Green Climate Fund (GCF) to convene those working on Readiness (similar to the AF's first Climate Finance Readiness seminar) – this could become a yearly event.
- (b) *Strengthening Country Level Monitoring and Evaluation*: provide training and guidance in partnership with the Climate Investment Funds (CIFs) and GCF to help build capacity on M&E for climate finance – the AF can partner with both the CIFs and GCF to develop trainings for more effective M&E that will help all funds and strengthen countries' ability to track results. Such a partnership could also help increase coherence on M&E in the longer term.
- (c) *Joint Seminars*: continuing to partner with other organizations and funds to undertake joint-workshops/seminars on the accreditation process and project development. The secretariat has already had initial discussions with organizations for undertaking seminars in FY16. Potential partner organizations include the Economic Community of West African States (ECOWAS), the Sahara and Sahel Observatory (OSS), the Heinrich Boell Foundation, the United Nations Economic Commission for Africa

(UNECA), the Green Climate Fund (GCF) and the World Resources Institute (WRI). The focus in FY16 will be in the following regions:

- i.* West Africa: hold a seminar focusing on providing support to West African countries on NIE accreditation and project development.
- ii.* North Africa and the Middle East: hold a seminar focusing on providing support to countries in the region seeking accreditation.
- iii.* East and Central Africa: hold a seminar focusing on providing support to countries in the region on accessing adaptation finance, including NIE and RIE accreditation and AF project development.

3) Component 3: Support to Countries Seeking Accreditation

There is a lot of demand for the AF to continue its support to countries wishing to make use of the direct access modality. Component 3 focuses on providing support on the accreditation process – activities include:

- (a) *South-south grants*: As in Phase I – the secretariat would launch a call for proposals developed and run by NIEs;
- (b) *Seminars on Climate Readiness*: These will all be in cooperation/partnership with other organizations. See bullet (c) under component 2
- (c) *Tools and guidance documents*: many of the initial guidance/tools for the accreditation process are outdated. These would be updated and improved to better suit the needs of accreditation applicants.

4) Component 4: Knowledge Management

In Phase I significant strides were made in this area – especially with the launch of the Climate Finance Readiness microsite. Component 4 will build on the work done in Phase I through the following activities:

- (a) *Lessons Learned/Case Studies Adaptation Financing, Adaptation Projects*: case studies would be digital, print, and optimized for mobile; dissemination would be on all appropriate channels and would leverage partnerships; several studies by outside organizations are being undertaken or have been about the AF's accreditation process and the AF's NIEs – it will be useful for the secretariat to lead a study of its own and out of that develop several cases that would be useful for others applying for accreditation (this would also include cases of unsuccessful candidates).
- (b) *Continue Support for Knowledge Microsite*: continue to work with CDKN to provide relevant content, publicize, and expand partnership of site.
- (c) *Media Outreach*: ongoing outreach to traditional and digital media to make relevant media aware of Fund direct access and capacity building.

32. Table 2 provides a proposed budget for undertaking the components as outlined in the paragraphs above. For Phase I – including the workshops that the secretariat did not lead but supported, the Readiness Programme leveraged parallel funding of around US\$ 224,000. For Phase II, the secretariat aims to leverage around \$375,000.

Table 2: Proposed Budget for Phase II Readiness Programme FY16 (USD)

Component	Secretariat Budget	Trustee Budget
Component 1: Support to Accredited Implementing Entities		
Introductory Seminar	50,000	
Peer-to-Peer Learning	30,000	
E&S Grants		100,000
PFG Grants		150,000
Sub-total	80,000	250,000
Component 2: Cooperation/Partnership with Other Readiness Providers		
Community of Practice/ Training	30,000	
M&E Capacity Building	30,000	
Joint-Seminars	310,000	
Sub-total	370,000	
Component 3: Support to Countries Seeking Accreditation		
South-South Grants		150,000
Guidance documents/Tools	50,000	
Sub-Total	50,000	150,000
Component 4: Knowledge Management		
Case Studies/Lessons on NIE accreditation	30,000	
Micro-site Support	15,000	
Media Outreach/Publications	20,000	
Sub-Total	65,000	
Total	565,000	400,000

Recommendation

33. The Board may want to approve Phase II of the Readiness Programme as detailed in document AFB/B.25/5, with the funding of US\$565,000 to be transferred to the secretariat budget and US\$400,000 remaining with the Trustee for use as small grants.