



ADAPTATION FUND

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Adaptation Fund Board
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Bonn, Germany, 15-16 March 2016

Agenda item 12 b)

READINESS PROGRAMME: PHASE II PROGRESS REPORT AND PROPOSAL FOR FY17

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 (the readiness programme), and requested the Adaptation Fund Board secretariat (the secretariat) to prepare a programme proposal for such a programme. The overall goal of the programme would be to increase the number of accredited national implementing entities (NIEs), and strengthen the overall capacity of NIEs. In recognition of the urgent need to fulfil these gaps, the Board articulated the specific objectives of the Readiness Programme through decision B.21/28 to be:

- (i) to increase the preparedness of applicant national implementing entities seeking accreditation by the Adaptation Fund, and
- (ii) to increase the number of high quality project/programme proposals submitted to the Board within a reasonable time period after accreditation.

2. 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.

3. 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 Adaptation Fund (the Fund) 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. At its twenty-fifth meeting, the secretariat presented to the Board the successes and milestones achieved through Phase I of the readiness programme. The secretariat proposed a Phase II of the readiness programme in which benefits to implementing entities and the gains achieved in Phase I could be further increased and expanded. The Board decided to:

Approve Phase II of the readiness programme, as outlined in document AFB/B.25/5, with a total funding of US\$ 965,000, including funding of US\$ 565,000 to be transferred to the secretariat's budget and funding of US\$ 400,000 to be set aside for small grants to National Implementing Entities from resources of the Adaptation Fund trust fund.

(Decision B.25/27)

¹ Decision 1/CMP.10, paragraph 9.

² Decision 2/CMP.10, paragraph 5.

4. Document AFB/B.27/7 contains a progress report on the activities of phase II of the readiness programme up to the period ending February 2016. The second part of the document takes into account the results from phase II of the programme and integrates decision 2/CMP10 into a proposal for activities of the readiness programme for the fiscal year 2017 (FY 17) (1 July 2016 – 30 June 2017) for consideration by the Board.

Progress report

5. Phase II of the readiness programme saw the evolution of the programme from a model addressing readiness based on three core activities to a comprehensive programme based on four key components with multiple activities under each component. Phase II was developed and implemented through the following four key components:

- (a) Component 1: Support to accredited implementing entities which includes introduction seminars, facilitating peer to peer learning and the provision of small grants to support project formulation and the implementation of specific policies such as the environment and social policy.
- (b) Component 2: Cooperation/Partnership with climate finance readiness providers who have been a major factor contributing to the success of the readiness programme. Through working with various partners on joint activities, building a community of practice and strengthening country level monitoring and evaluation, the Fund has managed to build upon the existing partnerships and forge new ones to reach vulnerable communities from across the globe.
- (c) Component 3: Support to countries seeking accreditation to meet the rising demand for climate finance from the Fund. The Fund continues to be a world leader on direct access and providing support on the accreditation process through small grants (South-South cooperation grants), hosting climate finance readiness seminars and events, and developing tools and guidance documents to support countries seeking accreditation with the Fund.
- (d) Component 4: Knowledge management, which saw the launch of a Climate Finance Ready microsite (an online collaboration and knowledge sharing platform) including the implementation of several related activities such as the publishing of country case studies, media outreach and the documentation of lessons learnt through Fund's organized activities.

6. From May 2015 till the end of February 2016 work has been done in all four of the above components with varying degrees in the number of activities implemented. The paragraphs below provide details on specific activities implemented under each key component.

7. Component 1: Support to accredited implementing entities. The following activities were implemented:

- (a) The secretariat provided small grants for technical assistance (TA) to six NIEs to help them build their capacity to address and manage environmental and social risks within

their projects/programmes in accordance with the Fund's environmental and social policy. The secretariat had launched a call for proposals for technical assistance grants (TA Grants) and eight proposals were received. Following a series of reviews by the secretariat, two of the proposals had to be considered ineligible in accordance with the operational policies and guidelines of the Fund. The six eligible proposals were submitted to the project programme and review committee (PPRC) for intersessional review and subsequently to the Board for intersessional decision between its 26th and 27th meetings. The Board approved all six proposals for a total amount of US\$ 118,000. The following grants for technical assistance were submitted and approved intersessionally:

- TA Grant for Senegal (*CSE*)
- TA Grant for Benin (*FNE*)
- TA Grant for Panama (*Fundación Natura*)
- TA Grant for Costa Rica (*Fundecooperación*)
- TA Grant for Micronesia, Federated States of... (*MCT*)
- TA Grant for South Africa (*SANBI*)

The proposals can be found on the Fund website: <https://www.adaptation-fund.org/meeting/26th27th-intersessional/>.

(b) The secretariat facilitated peer to peer learning through the hosting of the following seminars and events:

- Climate finance readiness seminar for national implementing entities: Held 28-30 July 2015 in Washington DC, USA. This second climate finance readiness seminar for NIEs offered an opportunity for entities to gain familiarity with the environmental and social 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 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 Fund in order to efficiently design, propose and manage the full-cycle implementation of climate adaptation projects and programmes.
- Climate finance readiness workshop: Held 22-24 September 2015 in Abuja, Nigeria and co-hosted by the *Heinrich Böll Stiftung* (HBS) and the Economic Community of West African States (ECOWAS). The focus was for accredited NIEs to share lessons with ECOWAS member States and West African countries seeking accreditation with the Fund and to share experience and knowledge on gender responsive project development, including application of the environmental and social policy in project development.
- Climate finance webinar #1: Held on 19 November 2015. NIEs participated in the webinar to discuss the topic of community engagement and stakeholder consultation in climate adaptation projects and programmes.

- A side event was held at the twenty-first conference of the Parties to the United Nations Framework Convention on Climate Change (COP 21) in Paris, France. The event was attended by high level government representatives including the Minister of agriculture and livestock from Costa Rica and also civil society. The NIEs (*Fundecooperacion* – Costa Rica; MCT – Micronesia; NABARD – India; and SANBI – South Africa) discussed their experiences with direct access, and shared success stories and lessons learned from the accreditation process as well as preparation of climate change adaptation project proposals and implementation of approved projects on the ground.

Other planned peer to peer learning seminars and events for FY16

- A seminar for Latin America and the Caribbean region will be held in Tegucigalpa, Honduras in partnership with the Central American Bank for Economic Integration (CABEI) who are an accredited regional implementing entity (RIE) of the Fund. The workshop will take place 7-9 June 2016 and will focus on building the capacity of accredited implementing entities on the project full cycle for adaptation projects, with an emphasis on project preparation and development.
- Climate finance webinar #2: To be held 27 April 2016 with a focus on integrating the Fund's gender policy (once the proposal is approved by the Board) into projects and programmes and discerning the synergies between the gender policy and environmental and social policy.

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

8. Component 2: Cooperation/Partnership with climate finance readiness providers. The secretariat has had successful partnerships with the HBS South Africa, HBS North America, ECOWAS, the International Institute for Sustainable Development (IISD) and the Climate and Knowledge Development Network (CDKN). The Fund has also partnered with its accredited implementing entities who include CABEI, and the United Nations Environment Programme's (UNEP) World Conservation Monitoring Centre (WCMC). Through these partnerships, the climate finance readiness workshop in Abuja, Nigeria was held 22-24 September 2015, the webinar #1 was held on 19 November 2015, the Climate Finance Ready microsite continues to be active and maintained, and a climate finance readiness seminar is planned for Latin America and the Caribbean region from 7-9 June 2016. The Fund had continued to explore new partnerships and is planning a climate finance readiness seminar from 3-5 May in Morocco together with the International Organization of the Francophonie (IFDD). The seminar will focus on the accreditation process for potential entities in the Francophone countries in Africa. In addition, a second workshop in Morocco is planned together with the *Agence pour le Développement Agricole* (ADA), the NIE in Morocco to take place from 27-29 September 2016 and another one from 6-8 September in Asia in partnership with UNEP. These workshops will aim to increase the number of accredited NIEs and projects in the Middle East and North Africa (MENA) region and in the Asia and Asia Pacific region respectively.

9. Component 3: Support to countries seeking accreditation. The following activities were implemented:

(a) The secretariat provided small grants to facilitate South-South (S-S) cooperation and enable select accredited implementing entities to provide accreditation support to countries that wish to gain accreditation with the Fund. The secretariat launched a call for proposals for South-South cooperation grants and five proposals were received. The five proposals were submitted to the PPRC for intersessional review and subsequently to the Board for intersessional decision between its 26th and 27th meetings. The Board approved all five proposals for a total amount of US\$ 242,347. It is expected that peer-peer support will effectively help build national capacity and sustainability. The following five South-South cooperation grants were submitted and approved:

- S-S Cooperation Grant for Senegal (*CSE*) on behalf of Guinea
- S-S Cooperation Grant for Senegal (*CSE*) on behalf of Mali
- S-S Cooperation Grant for Senegal (*CSE*) on behalf of Sierra Leone
- S-S Cooperation Grant for Kenya (*NEMA*) on behalf of Malawi
- S-S Cooperation Grant for Kenya (*NEMA*) on behalf of Zimbabwe

The proposals can be found on the Fund website: <https://www.adaptation-fund.org/meeting/26th27th-intersessional/>.

(b) The secretariat held seminars on climate finance readiness for new entities that wish to gain accreditation with the Fund. The seminars were held in partnership with other organizations and included dedicated clinic sessions to discuss accreditation process and procedures with entities. See paragraph 7(b) and paragraph 8 under component 1 and 2 respectively.

(c) The secretariat finalized a guidance document on how to address the Fund's environmental and social policy during project design and implementation. The guidance document was distributed to all implementing entities and published on the Fund's website.

10. Component 4: Knowledge management. The following activities were implemented:

(a) Four NIE adaptation stories were published to capture lessons learned on adaptation financing and showcase how international sources of climate finance can support vulnerable communities build and enhance their resilience to the adverse impacts of climate change. The adaptation stories showcased projects in Senegal, Honduras and Cook Islands and were published in in three official languages of the United Nations (UN).

(b) The secretariat continued to work with the CDKN to support the Climate Finance Ready microsite and provided content and financial support to maintain the website. Uploaded information from the secretariat included but was not limited to content on activities at COP 21 in Paris, press releases on webinars and seminars, and content on the NIE adaptation stories. The microsite provides an opportunity for practitioners to share

experiences online and is a useful platform to access news articles and links to resources. Climate Finance Ready can be accessed at: <http://climatefinanceready.org/>.

- (c) The secretariat is updating the knowledge management strategy from which it will streamline internal and external processes to document, receive, store and disburse information. The strategy will enable the secretariat to effectively manage knowledge gathering and exchange as an on-going process over time. While the document is not a knowledge management strategy developed exclusively for the readiness programme but for the secretariat as a whole, it was developed with important input from the experience from readiness activities and has important implications for experience gathering, knowledge gathering, and documentation and sharing of information under the readiness programme. A small budget will therefore be set aside for readiness activities contributing to knowledge management in FY17.

Lessons from the readiness programme FY16

11. Out of the activities and events convened over the past year recurring messages have been expressed, these included:

12. Benefits of going through the accreditation process that continue to be echoed as the experience of NIEs over the years include the following;

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.

13. 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.

14. Benefits of climate finance readiness seminars, webinars and workshops:

- Present opportunities to engage directly with the secretariat staff and experts during the clinic sessions.
 - Provide an important platform to learn of the success stories shared by accredited Implementing Entities.
 - Detailed overview of accreditation process as well as the lessons learnt from the challenges in the accreditation process is helpful.
 - Enable regional dialogue on key issues and provide useful insight into an evolving adaptation finance architecture e.g. Role of the private sector and modalities for their engagement within the climate finance dynamic.
 - Provide useful insights on the requirements to demonstrate institutional capacity in order to leverage available funds for climate adaptation.
 - Motivate NIEs in the process for development of projects and alignment with country strategic frameworks for adaptation to climate change.
 - Provide a useful platform for networking, coordination and multi stakeholder engagement.
15. Observations by the secretariat from climate finance readiness seminars, webinars and workshops:
- The demand by implementing entities for these events greatly exceeds budget capabilities of the Readiness Programme.
 - It is a challenge for all implementing entities participate at the same time in a webinar due to geographical time differences. A possible solution could be to hold the webinar twice in one day or over two days depending on the availability of speakers.
16. Over the past year NIEs have also expressed the following requests for future seminars and workshops:
- The need to engage diverse speakers on a variety of relevant issues and the sharing of more country experiences.
 - More practical insights into project designing.
 - Need for clarity on the roles of CSO.
 - More information and sharing on country engagement in establishing an NIE.
 - A field visit as part of the seminars and workshops would be useful.
17. Other issues that NIEs have echoed consistently over the years include:
- Accredited NIEs highlighted that they would have liked to access more funds from the Fund beyond the US\$ 10 million cap on accreditation and at re-accreditation so that they could scale up projects and widen impacts.
18. It is also important to note that the work of the readiness programme continues to receive recognition at the CMP. Decision 1/CMP.11 includes that: *The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

4. Also notes the following information, actions and decisions relating to the Adaptation Fund contained in the report of the Adaptation Fund Board³ and the oral report made by the Chair of the Adaptation Fund Board in December 2015:
- (a) The approval of the second phase of the readiness programme for direct access to climate finance, launched on 1 July 2015, and the approval of South–South cooperation grants for Burundi, Cabo Verde, Chad and Niger, totalling USD 244,447;
10. Notes with appreciation the efforts of the Adaptation Fund Board secretariat to organize workshops for national implementing entities;

Programme Performance/Results

19. Increased NIE/RIE accreditation applications: The secretariat received seven complete applications for accreditation in the current fiscal year (commencing 1 July 2015). It is expected that by the end of FY16 (30 June 2016), three new NIEs and two RIEs would have received accreditation with the Fund, reflecting a cumulative increase of 10 in the number of implementing entities accredited since the launch of the readiness programme, i.e., seven NIEs and three RIEs. In FY16 the secretariat has also received endorsement letters for eight new designated authorities (DAs) and there is one additional RIE that has been nominated by the DA but for which application has not yet been submitted. In addition, one NIE has been re-accredited and two more have submitted their applications for re-accreditation which are currently under review.

20. Increased NIE project proposals: The secretariat received 21 project proposals for the twenty-sixth Board meeting, 10 of which were from NIEs. For the twenty-seventh Board meeting, the secretariat has received 21 project proposals, 7 of which are from NIEs. The number of project proposals submitted by NIEs has grown from 11 in 2014 to 18 by year end of 2015, which represents an average growth rate of 25 per cent per annum since the launch of the Readiness Programme.

21. Increased partnerships built: The Fund has continued to strengthen and grow its partnerships and has held several joint events with like-minded organizations, agencies and institutions involved in readiness activities for climate finance. Partners have also included implementing entities of the Fund. See paragraph 8. The list of partners since the launch of the readiness programme now includes additional partnerships in co-hosting and organizing readiness seminars such as the CDKN, HBS, the Development Bank of Latin America (CAF), and the National Environment Authority of Panama (ANAM), and also partners who have invited the secretariat and the Fund's implementing entities to give presentations and share experiences of the Fund at their events, such as the Global Environment Facility (GEF), the Inter-American Development Bank (IADB), the Nature Conservancy, German aid group GIZ, Conservation International, the UNFCCC secretariat, Climate Investment Funds (CIF), the Green Climate Fund (GCF), and the World Bank's Climate Change Group. Existing partnerships have continued to be strengthened through continuous sharing and exchange of information and dialogue.

22. An additional benefit of the readiness programme is the community of practice of NIEs, RIEs and individual experts that participate in seminars, side events, workshops and other events. The secretariat has made available a roster of experts on environmental and social policy on its website for implementing entities to access should they wish to do so. NIEs have also been invited to present their experiences at forums and events by other actors in the adaptation finance field such as the UNFCCC Adaptation Committee and at the COP 21 side events.

23. Increased visibility and thought leadership positioning: The readiness 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 has received informal requests for information on its experiences with project development and pre-accreditation work with countries from other funds such as the GCF as well as invitations from regional bodies such as the Common Market for Eastern and Southern Africa (COMESA), for integration of the Fund's scope of work into regional strategies and programmes.

Budget through February 2016 to 30 June 2016

24. As at the end of February 2016, about 23 per cent of the total Board approved budget had been spent and 96 per cent committed (see Table 1). The secretariat estimates that by the end of FY16 (30 June 2016) the total budget committed will be close to 100 per cent. This includes:

- (a) Latin America and the Caribbean region workshop in cooperation with CABEL (Tegucigalpa, Honduras, 7-9 June 2016). CABEL will contribute approximately US\$ 48,000 to the workshop which will cost an estimated total of US\$ 109,000 (excluding secretariat staff travel and travel and fees for consultant experts). The secretariat's expenses will include travel and accommodation for most of the participants, secretariat travel and travel and fees for two consultant experts. The CABEL will cover the costs of travel and accommodation for its member countries including local staff costs, reception and domestic logistics for all participants. The workshop will focus on project proposal review and project development as well as encouraging countries in the region to actively become accredited with the Fund. The total estimated costs to the secretariat readiness budget (including secretariat staff travel and travel and fees for consultant experts) is US\$ 80,000.
- (b) Sub-regional workshop for African Francophone countries in cooperation with IFDD (Marrakech, Morocco 3-5 May 2016). The total estimated cost is approximately US\$ 135,000. IFDD will contribute approximately 50 per cent to the workshop. The Fund's NIE in Morocco (ADA) will provide material support to coordinate domestic logistics. The total estimated costs to the secretariat readiness budget is expected to be US\$ 67,500.
- (c) Climate finance readiness seminar, Washington DC (28 – 29 June 2016). This seminar will invite all accredited NIEs and other international organizations and partners of the

Fund, as well as experts in adaptation finance. The seminar will focus on the Fund and on thematic topics to be identified during the planning period for the event. The seminar is expected to cost an estimated US\$ 80,000. The secretariat will bear the full cost for all expenses associated with NIEs of the Fund and the fees for expert speakers and presenters only. The estimated total cost to the secretariat is US\$ 70,000.

- (d) Commitment of technical assistance amounting to US\$ 118,000 and South-South cooperation grants amounting to US\$ 242,347.³ The total commitment for readiness grants is US\$ 360,347.

Table 1: Readiness Programme Approved & Committed Budget (USD) FY16

	Budget Approved FY16 (USD)	Committed to Year End FY16 (USD)
Secretariat Budget		
Personnel Component (Consultants & others)	160,000	156,000
Readiness workshops and seminars, including other Organizations' climate seminars e.g. GCF (includes travel; logistics etc)	383,000	383,000
General Operations/Publications Outreach	22,000	25,000
Secretariat Total	565,500	564,000
Small Grants		
South-South	150,000	242,347
E&S Grants	150,000	118,000
PFA Grants	100,000	
Grant Total	400,000	360,347
Program Total	965,500	924,347

Proposal for Readiness Programme FY17

25. Phase I and phase II of the readiness programme have been a major success. Since its launch in May 2014, the readiness programme has advanced work on its two main objectives of increasing the number of NIEs and increasing the number of quality projects and programmes submitted by implementing entities. To this end, the number of accredited NIEs has increased

³ While the FY16 approved budget for TA Grants was US\$ 100,000 and that for S-S cooperation Grants was US\$ 150,000, the secretariat received a substantial number of applications than anticipated and since the guidelines for Project formulation Assistance Grants have yet to be developed, the difference was made up with the budget from project formulation grants. Please see 28 (e).

from 13 in 2014 to 20 in 2016. Similarly there has been an increase in the number of project and programme proposals submitted by implementing entities each year. The programme has seen an increase in the value of its readiness grant portfolio from US\$ 200,000 to a little over US\$ 360,000 and indications are that this will continue to grow with increasing demand from NIEs. Further, through the readiness programme, the secretariat has maintained strong partnerships with like-minded international organizations in the field of climate adaptation finance and experienced a significant increase in its partnership base. The secretariat is therefore proposing that the readiness programme be institutionalized and become a standing feature of the Fund with a budget and work plan reviewed annually in synchrony with the secretariat's fiscal cycle. This is proposed to start with the readiness programme proposal for FY17 as outlined in this document.

26. The proposal for the readiness programme for FY17 will undertake to implement activities from 1 July 2016 – 30 June 2017 maintaining a modest budget as in previous years. As was done in phases I and II, the secretariat will actively partner and foster complementarity with other organizations on different activities to not only share costs but strengthen collaboration in this important field. In phase I the Readiness Programme leveraged around US\$ 224,000 and around US\$ 200,000 in phase II. In FY17, the programme aims to leverage around US\$ 225,000 for its scope of work.

27. Activities for FY17 will build on phases I and II, undertaking and expanding on already successful initiatives and introducing additional elements. The programme will maintain the four components outlined in phase II as a point of reference for strategic intervention by the programme and on which it can build on future activities. The four components will be revised or expanded on an on-going basis in line with evolution in the adaptation school of thought, innovations and advances in the field of adaptation finance as needed.

28. The framework for the readiness programme outlined in document AFB/B.22/6 will be updated into a results framework that will be further updated every two years to ensure that the programme achieves its goals in line with the Fund's *Strategic Results Framework* and approach to implementing results based management (RBM) in accordance with document AFB/B.10/7/Rev.1 approved by the Board at its tenth meeting⁴.

29. The following paragraphs outline the proposed components of work, results framework, and proposed budget (any portion of the FY16 approved budget not utilized by 30 June 2016 will be returned to the trust fund and if the Board approves, can be utilized in a revised budget for the Readiness Programme FY17):

28. Component 1: Support to accredited implementing entities:

The secretariat will provide support to newly accredited entities and entities that are in the first five years of accreditation, including those that are seeking re-accreditation with the Fund for a second five year term. This support includes support for entities to align with new and

⁴ Decision B.10/13.

updated policies of the Fund, such as the gender policy, if approved by the Board, and results based framework. Activities that fall under this component will include:

- (a) *Climate finance readiness seminar for national implementing entities*: This is a yearly (June/July) event, familiarizing all newly accredited NIEs with policies and procedures and training them on preparing quality projects and programmes for adaptation. Although the focus will be on newly accredited NIEs, all accredited implementing entities are invited as thematic issues would also include training on updates that would have been made to policies and operational procedures. FY17 thematic issues include the gender policy, the project and programme review process and others that will be identified through the seminars mentioned under component 2(c).
- (b) *Peer-to-peer learning*: Peer-to-peer learning among the NIEs is greatly encouraged. The secretariat will facilitate such learning through periodic webinars on specific key issues either requested by implementing entities or identified by the secretariat as critical for implementing entities to advance in knowledge and performance. This will also include convening NIEs/RIEs at key UNFCCC meetings that many NIE representatives attend and could include topics such as procurement, stakeholder engagement, monitoring and evaluation (M&E), results based management, etc. This could also include NIE project visits for cross-learning; the first one of such visits was organized by the secretariat during its mission to visit two NIE projects, in Argentina and Uruguay, during which a representative of the NIE in Argentina joined the mission visiting the NIE project in Uruguay. This could also be an activity done jointly with the GCF. Discussions on how the two funds can collaborate on pre-accreditation capacity building and readiness support have started between the Fund and GCF secretariats. See 29 (d).
- (c) *Technical assistance grants (ESP)*: The secretariat will continue to provide small grants for accredited NIEs that require support 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 (ESP). The secretariat will launch a call for proposals to invite accredited NIEs to apply for a small grant to source external experts to develop the NIEs rules of procedures and guidelines to enable it to adequately implement the Fund's ESP. NIEs accredited after publishing of the ESP and gender policy that require grants for technical assistance would be expected to build capacity on environmental and social safeguards and gender simultaneously and the amount available for each NIE in this instance would be a maximum of US\$ 25,000.
- (d) *Technical assistance grants (gender policy)*: A gender policy proposal will be submitted for Board approval at this meeting. If the policy is approved, the secretariat proposes that small grants be made available to NIEs to implement the policy and address practical issues related to alignment of the gender policy with the Fund's ESP in the design and development of adaptation projects and programmes. The secretariat with consultation and guideline from the PPRC, will also launch a call for NIEs that have already received technical assistance grants for ESP to submit proposals for implementing the Fund's gender policy, including updating the NIEs

policies and rules of procedure in line with the gender policy and also aligning the gender policy with the Fund's ESP. The amount available for each NIE in this case will be a maximum of US\$ 10,000. NIEs accredited after the publishing of the gender policy and requiring technical assistance grants would be expected to simultaneously work on the ESP and gender policy integration and would be eligible for a maximum amount of US\$ 25,000 per NIE as explained in paragraph (c) above.

- (e) *Project formulation assistance*: This activity was approved in phase II of the readiness programme but NIEs are yet to make use of this funding. Additional small grants on top of project formulation grants (PFGs) for NIEs that need funding to undertake a specific technical assessment (i.e. EIA, vulnerability assessment etc.) will be available to NIEs. The amount available for each NIE for project formulation assistance (PFA) will be a maximum of US\$ 15,000. The secretariat will first develop, under the guidance of the PPRC, criteria for the provision of these grants. In addition, the Fund has partnered with the Climate Technology Centre and Network (CTCN) to help raise awareness of the technical assistance available for developing countries through the network and will seek to further operationalize this partnership in FY17, including through inviting CTCN to participate in the NIE Seminars and interact with NIE participants. The secretariat will encourage NIEs to tap into this resource and access additional support for project formulation. Lastly, the secretariat had been approached by a consulting firm [the consulting firm is implementing a USAID project as part of the Asia-Pacific programme, with funding for technical support to NIEs for project preparation. They have helped NABARD and are also helping SPREP in developing project proposals for submission to the AF] and collaboration will be sought with that initiative for NIE project preparation support.

29. Component 2: Cooperation/Partnership with climate finance readiness providers

A major success of phase I and II has been the partnerships and joint- activities the AF has built and undertaken with other organizations around the globe. FY17 will 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. This also includes partnership and collaboration with the GCF, see 29 (d).
- (b) *Strengthening country level monitoring and evaluation*: In partnership with the Climate Investment Funds (CIFs) and possibly the GCF, FY 17 will aim to actualize the provision of technical support, training and guidance to NIEs to help build their capacity in M&E for climate finance. It is possible that the secretariat could also partner with additional organizations to develop trainings for more effective M&E that would strengthen the ability of recipients of climate finance to track results and at the same time advance in knowledge management. These kinds of partnerships could also help increase coherence on M&E in adaptation in the longer term.

- (c) *Joint seminars*: Joint seminars are an important way to enhance capacity and achieve learning and the sharing of best practice in adaptation at scale. In FY17 the secretariat will continue 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 some organizations to undertake seminars in FY17 and potential partners include the Fund's NIE for Morocco (ADA), the Central African Forests Commission (COMIFAC), UNEP, IFDD, COMESA and the GCF. The potential joint seminars in FY17 include the following:
- i. Middle East and North Africa (in partnership with ADA): hold a seminar focusing on providing support for accreditation and project development to the Middle East and North African countries.
 - ii. Asia-Pacific (in partnership with UNEP): hold a seminar focusing on providing support to countries in Asia and the Asia-Pacific region seeking accreditation.
 - iii. In kind support to the seminar for adaptation and the financing of adaptation projects in Central Africa that is being planned and hosted by COMIFAC. The secretariat will provide material on direct access such as its fact sheets, case studies and guidance documents for distribution at the seminar and will give presentations on its processes, policies and procedures at the seminar.
 - iv. COP 22: hold a side event possibly in collaboration with ADA focusing on adaptation finance and raising awareness and interest in both funds from the global community.
- (d) *Partnership with the GCF*: The secretariat has held initial formal discussions with the GCF secretariat on the possibility of a joint effort in climate finance readiness activities. The discussions have also been on project preparation and development processes and support and building on the adaptation community of practice initiated by the secretariat. This could involve joint operations such as convening experts, organizations and institutions from the globe working on adaptation finance to share knowledge, latest innovations and developments in financing for adaptation e.g. private sector role in adaptation finance and could also include jointly working on adaptation assessments, publications and guidance documents for implementing entities. A jointly held seminar on adaptation finance and direct access could also become a yearly event.

30. Component 3: Support to countries seeking accreditation

There is a lot of demand for the Fund to continue its support to countries wishing to make use of the direct access modality. In FY17 the secretariat will focus on providing support on the accreditation process with activities that include:

- (a) *South-South cooperation grants*: the secretariat would launch a call for proposals that would be developed and implemented by NIEs. The secretariat will launch a call for proposals for countries seeking accreditation with the Fund to submit through an eligible accredited NIE, a proposal for peer support to prepare and submit an

application for accreditation to the Fund. The amount available for each country will be a maximum of US\$ 50,000.

- (b) *Seminars on climate finance readiness*: These will all be in cooperation/partnership with other organizations. See 29 (c) under component 2
- (c) *Tools and guidance documents*: The Fund's guidance documents and tools will be updated as and when necessary. In FY17 the Fund's ESP and other operational policies and procedures will be updated to align with the new gender policy and action plan upon its approval by the Board. Other templates and instruction documents for the accreditation process will also be updated and improved to align with new and updated policies and to enhance the efficiency of the accreditation process where possible.

31. Component 4: Knowledge management

Significant strides have been made in this area especially with the launch of the Climate Finance Ready microsite in 2015. A knowledge management strategy has been developed and will be published following Board approval. FY17 will build on this work through the following activities:

- (a) *Lessons learned/case studies on adaptation financing and adaptation projects*: develop case studies in a variety of user friendly formats, including digital, print, and optimized for mobile for dissemination to implementing entities, partners and at events hosted by the Fund. The secretariat will also take note of several studies on direct access and adaptation financing by outside organizations which can be used as reference material to enhance the dialogue on direct access and adaptation financing via the Fund. It is possible that the secretariat could also lead a study of its own processes and experiences that could help to reflect on its own metamorphosis and also inform the evolving climate finance architecture. This would allow concrete documentation of the Fund's leading role in direct access and could become a continuous report series published every four or five years.
- (b) *Continue support for the knowledge microsite*: The secretariat will continue to work with CDKN to provide relevant content, publicize, and expand partnership of the Climate Finance Ready site. The secretariat has had initial discussions with the GCF and CDKN to expand maintenance and management of the microsite to a three way partnership between the AF, CDKN and GCF. FY17 will scope out the possibility of this new arrangement and ways in which it could materialize with a mutually beneficial rules of procedure.
- (c) *Media outreach*: The secretariat will carry out outreach activities to traditional and digital media on an ongoing basis to make relevant media aware of Fund direct access and capacity building.

32. The secretariat proposes a total budget for the readiness programme for FY17 of US\$ 1,196,500 comprising of US\$ 566,500 to be managed by the secretariat and US\$ 630 for management by the trustee for direct transfers to implementing entities. Table 2 provides the

proposed budget for the secretariat to undertake the components as outlined in the paragraphs above and Table 3 provides a proposed budget for the trustee direct transfers for small grants to NIEs.

Table 2: Proposed secretariat budget for readiness programme FY17 (USD)

All amounts in US\$	Approved Phase II (FY16)	Estimate Year End FY16	Proposed FY17
PERSONNEL COMPONENT (Consultants & others)			
01 Secretariat support	40,000	40,000	20,000
02 Web site	15,000	12,000	15,000
03 Knowledge exchange (Communications Strategy)	15,000	14,000	15,000
04 Environmental & Social Safeguard (Fees)	55,000	55,000	60,000
05 Accreditation (Fees)	35,000	35,000	36,000
SUB-TOTAL PERSONNEL COMPONENT	160,000	156,000	146,000
TRAVEL COMPONENT			
01 AF Secretariat staff	85,000	85,000	82,000
02 Meeting participants	265,000	265,000	272,500
03 Board members	3,000	3,000	3,000
SUB-TOTAL TRAVEL COMPONENT	353,000	353,000	357,500
GENERAL OPERATIONS COMPONENT			
01 Office Space, Equipment and Supplies	2,000	5,000	7,000
02 Publications and Outreach	20,000	20,000	20,000
SUB-TOTAL GENERAL OPERATIONS COMPONENT	22,000	25,000	27,000
MEETINGS COMPONENT			
01 Logistics	30,000	30,000	36,000
SUB-TOTAL MEETINGS COMPONENT	30,000	30,000	36,000
TOTAL ALL COMPONENTS	565,000	564,000	566,500

Table 3: Proposed trustee budget for readiness grants for FY17 (USD)

	Proposed FY16	Estimate Year End FY16	Proposed FY17
Technical Assistance Grants - ESP		118,000	140,000
South-South Cooperation Grants		242,347	250,000
Technical Assistance Grants - Gender Policy			100,000
Project Formulation Assistance Grants			140,000
TRUSTEE BUDGET TOTAL		360,347	630,000

Recommendation

33. The Board may want to consider the proposal of the readiness programme for the fiscal year 2017 as contained in document AFB/B.27/7, in particular the institutionalization of the programme as per paragraph 24, and approve its work programme for FY17 with the funding of US\$ 566,500 to be transferred to the secretariat budget and US\$ 630,000 remaining with the trustee for use as small grants.