

LATIN AMERICA AND THE CARIBBEAN REGIONAL WORKSHOP FOR ENHANCING KNOWLEDGE ON THE ADAPTATION FUND PROJECT DEVELOPMENT PROCESS AND PROJECT FULL CYCLE

WORKSHOP REPORT

Date: 7 - 9 June, 2016

Venue: Intercontinental Hotel, Tegucigalpa, Honduras



Contents

Introduction.....	2
Workshop Objectives	2
Overview of the Adaptation Fund	2
The Accreditation and Re-accreditation Process of the Adaptation Fund.....	3
Mainstreaming Gender, Environmental and Social considerations into AF Projects and Programmes	5
Adaptation Fund Project /Programme Review Cycle and Process	6
Project design and implementation	7
Adaptation Priorities and Funding Needs and Opportunities in GRULAC.....	8
Adaptation Priorities and Needs in the GRULAC region	8
Experience in Funding Adaptation Projects and opportunities in the GRULAC region .	9
Field trip to Ojojona, Honduras AF Project	10
Conclusions.....	11
List of Annexes.....	13
Annex 1. Workshop Agenda	13
Annex 2. List of Participants	16

Introduction

As part of the Readiness Programme of the Adaptation Fund (AF), the Adaptation Fund Board (AFB) secretariat and the Central American Bank for Economic Integration (CABEI) jointly organized a Climate Finance Readiness Workshop for Latin America and the Caribbean region held from June 7th to 9th, 2016 in Tegucigalpa, Honduras. As part of the workshop, participants went on a field visit to a project funded by the AF and implemented by the Natural Resources and Environment Secretary (Mi Ambiente+). Workshop participants came from different countries, particularly the Latin American and Caribbean region. At the end of the three days, the workshop objectives were achieved.

Workshop Objectives

The main objective was to strengthen the capacity of accredited implementing entities and those that wish to gain accreditation with the Fund, to develop and implement adaptation projects and programmes throughout the project full cycle. Specifically, the workshop aims were:

1. To sensitize participants to the Direct Access modality of the Adaptation Fund.
2. To facilitate exchange of knowledge and experience, as well as open dialogue to strengthen the capacity of implementing entities to design, develop and implement adaptation projects, taking into account gender considerations and harmonizing them with the development priorities of the country (e.g. National Adaptation Plan, strategies and policies for climate change, etc.)

Overview of the Adaptation Fund

Established under the Kyoto Protocol, the AF has innovative characteristics:

1. Is managed by developing countries. Its governing Board has a majority of members representing developing countries.
2. Finances projects and programmes that help vulnerable communities in developing countries adapt to climate change.
3. Is financed in part by government and private donors, and from a 2% share of proceeds of Certified Emission Reductions (CERs) issued under the Kyoto Protocol's Clean Development Mechanism projects.
4. Allows direct access for developing countries. It is the first international climate fund to introduce direct access for the financing of projects and programmes that help vulnerable communities in developing countries adapt to climate change.



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El Proceso de Desarrollo
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del Fondo de Adaptación



To be able to access funds from the AF, countries have to present a project/program proposal through an accredited implementing entity (IE). There are 3 types of accreditation: 1) National Implementing Entities (NIE), 2) Regional Implementing Entities (RIE) and 3) Multilateral Implementing Entities (MIE). With direct access countries can select their NIE and manage their own projects, so that national empowerment on adaptation is enhanced.



AF Facts:

- At the time of the workshop, globally, there are 12 MIEs, 6 RIEs and 23 NIEs accredited; out of these 8 have been re-accredited.
- GRULAC region has 11 NIEs and 3 RIEs, 14 projects in 13 countries. Despite low institutional capacity, the region holds almost 50% of NIEs.
- The AF has allocated US\$ 338M in 61 countries globally.
- 33% of projects are implemented by NIEs
- In May 2015, the AF launched a Pilot Regional Program open for RIEs with the support of NIEs. Regional projects have a budget of US\$30M, each.
- In 2014, the AF approved its Readiness Programme to increase the number of NIEs and to strengthen their capacity, mainly through south-south cooperation. Through workshops around the globe and some other activities, the Readiness Program has achieved the accreditation of new NIEs, re-accreditation of 1 NIE, approval of 17 projects by NIEs, and the establishment of new alliances and networking among NIEs.

[The Accreditation and Re-accreditation Process of the Adaptation Fund](#)

The accreditation and re-accreditation process of the AF is an independently reviewed process with 3 stages.



Accredited IEs exchanged their experiences on the accreditation and re-accreditation process. Participants stated that the process is difficult, long and tedious, but worthy. For them, the process required internal changes in their institutions at the managerial and operational level. This has resulted in strengthened institutional capacity and smoother accreditation with other international climate funds.

Mainstreaming Gender, Environmental and Social considerations into AF Projects and Programmes

Since its approval in 2013, complying with the AF environmental and social policy (ESP) is the main challenge for IE's. The fund's ESP was approved to avoid environmental and social harms due to AF project activities. The ESP has 15 principles that ought to be met by IEs and particularly their project proposals. This process includes project risk categorization. Therefore, IEs have to assess risks according to national policies and against the 15 principles. Identified risks require well-resourced and budgeted environmental and social management s (ESMPs).

Often, IEs face difficulties complying with the ESP since risk assessment is not always performed in the best possible and comprehensive way. In addition, risk assessments are usually not evidence-based and lack sustained judgement calls. Some IEs also lack links between the institution and the project's ESMP.



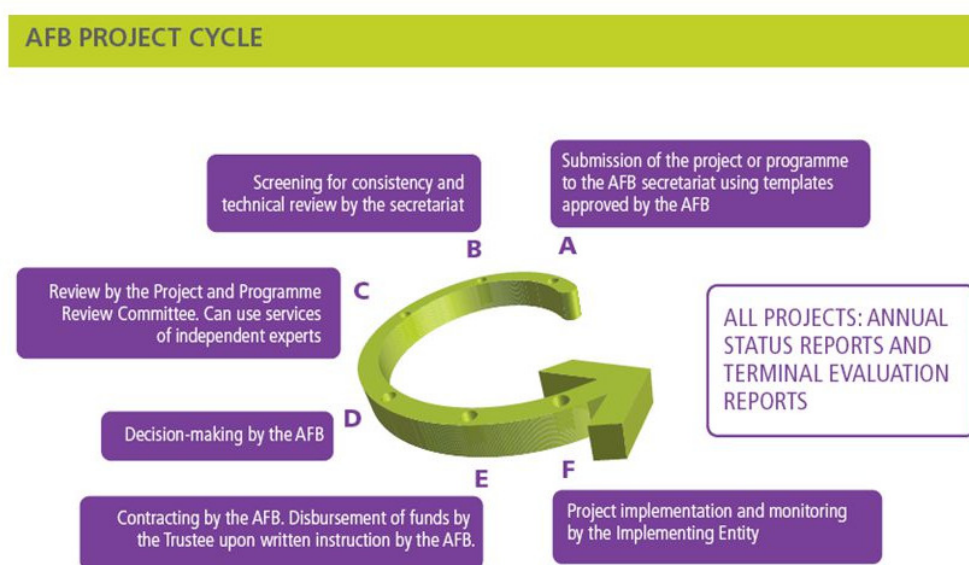
Gender is not a new issue for the AF, but the Gender Policy (GP) was just approved in March 2016. The GP includes 7 principles for gender mainstreaming in the AF projects and programmes. Although, the policy was recently approved, AF projects have demonstrated gender inclusion and achieved important results. This highlights the fact that gender indicators do not need to show 50/50 participation for men and women; but, gender

responsiveness and mainstreaming through women empowerment and gender-role considerations as well as cultural factors.

The difference between the ESP and GP is that the first aims to avoid and reduce negative impacts, while the latter seeks to achieve positive impacts and to reduce inequality.

Adaptation Fund Project /Programme Review Cycle and Process

The AF has its own project review cycle and process:



In brief, for project/programme review the following are to be considered:

- New proposals are to be submitted to an AFB meeting, with 9 weeks anticipation, for Board revision and approval. Next submission deadline for 2016 is August 1.
- Re-submissions can be presented at an AFB meeting or at an intersessional meeting.
- NIEs can choose if they present proposals as fully developed proposals or a concept note followed by a fully developed proposal. NIEs can access proposal development grants to develop their full proposals.
- RIEs interested in regional projects have to present proposals in a 3-stage process: pre-concept note, concept note, and full proposal.
- Projects/Programmes need to include a consultative process from the design phase until their implementation. Stakeholders should participate actively throughout the entire project.



Taller sobre
El Proceso de Desarrollo
y el Ciclo de Proyectos
del Fondo de Adaptación



- Regarding monitoring and evaluation, the AF requires annual performance reports using its results-based framework. This framework allows alignment of the project's outcomes and outputs with those of the AF.
- In average, projects last 4 years and can be extended to 5.

Project design and implementation

- Proposals should meet the AF proposal review criteria and focus on concrete adaptation measures. Groundwork adaptation measures can be included but should not be the main output in a project. Nonetheless, each project is different and in some circumstances capacity building (a groundwork adaptation measure) can be predominant (e.g. Honduras project).
- Co-funding is not necessary but is allowed. In case there is some co-funding the AF needs to review the whole project proposal to check that there are no risks related to adaptation. Loans can serve as co-funding but many details have to be provided for AF review.



Group discussion: Workshop participants were grouped in 4 groups where representatives from 4 NIEs shared their experiences on the design and implementation of AF projects. Each NIE had a different experience according to the focus of its project. Nonetheless, all projects have had a big participation from the national government. This shows that country empowerment does occur

as a result of the direct access modality, even when the NIE is not a governmental institution.

Case study: participants were engaged in understanding the sections of the project proposal form that were given as a case study. Workshops participants formed 3 teams according to their geographic region (Caribbean, South America, and Central America). Each team reviewed one section of the form using the Honduras project as example. Among the key messages from the exercise, there was an emphasis on how capacity building, in the long-term, achieves cost-effectiveness and meets the overall adaptation cost. Although, the

Honduras project did not have to comply with the ESP, participants categorized it as category B with manageable risks identified.

Adaptation Priorities and Funding Needs and Opportunities in GRULAC

Adaptation Priorities and Needs in the GRULAC region

With a panel discussion, representatives from MIEs and other multilateral institutions shared their experiences on adaptation priorities and funding needs and opportunities in GRULAC. The panel had the participation of FAO, UNEP and UNDP.

Since each institution has a different action focus (FAO: food, nutrition and agriculture; UNEP: ecosystems; UNDP: human development), their adaptation approach varies. However, all agreed that the GRULACs are highly vulnerable to climatic risks related to water resources (changes in precipitation patterns). This vulnerability is exacerbated by the lack of information and knowledge related to climate indicators, measures and actions. Multilateral institutions work to increase adaptive capacity through the strengthening of institutional capacity, exchange of experiences, technology transfer, research, capacity building and training, technical assistance, project management, support for accessing international funds, etc. These actions contribute to country empowerment, vulnerability reduction and resilience increase.

Multilateral institutions also use safeguards to guarantee that environmental and social risks are reduced, especially for marginalized and vulnerable groups. These are applied to their institutional actions and are included on national initiatives as a by-product. Overall, country empowerment for developing nations results on better probabilities for access to climate funds.

Experience in Funding Adaptation Projects and opportunities in the GRULAC region



In a panel discussion with representatives of development banks (CDB, CAF and CABI), participants learned about the banks' experiences with funding of adaptation projects and climate finance opportunities for the region. Panelists explained that from their experience, consultation is a necessary process so that adaptation projects do respond to beneficiaries' needs. In this sense, stakeholders' engagement and participation is also

vital.

Panelists stated that there are many limitations for developing countries, especially technical and financial. They acknowledge that capacity building, as a need and as an opportunity at the national, regional, and mainly at the community level, should be considered in future climatic funds disbursement for adaptation projects.

Field trip to Ojojona, Honduras AF Project



The Honduras AF Project was focused on reducing water-related risks for urban areas in the capital city, Tegucigalpa. From its experience, the project has learned that adaptation needs to be holistic and consider multiple factors and stakeholders. Therefore, given its focus on water resources, the project has learned that the best and most sustainable adaptation approach is ecosystem-based adaptation at all levels. At the macro level, this was obvious on the need to protect the forest and high watersheds around Tegucigalpa in order to maintain water provision for the city. At the micro level, this was shown when small farmers improve their adaptive capacity to droughts through irrigation systems and improved seeds; but need to conserve and protect the micro watersheds from where they get water for irrigation and domestic use.

Likewise, the project has learned that sustainability can only be guaranteed if local institutions are strengthened, local authorities are included, and stakeholders participate actively and contribute to the achievement of the project's outcomes.



- 11

Link with updated AF Environmental and Social Policy, Gender Policy, Re-accreditation process, and Risk Management Framework:

<https://www.adaptation-fund.org/documents-publications/operational-policies-guidelines/>

Link to the following AF documents:

- Template to request for project/programme funding from the AF;
- The instructions for preparing a request for project funding;
- Guidance document for the AF Environmental and Social Policy;
- Regional Project Proposal Template

<https://www.adaptation-fund.org/apply-funding/project-funding/project-proposal-materials/>

Facilitation was provided by the Zamorano University, through:
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Suyapa Zelaya, MSc. Climate Change Specialist
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List of Annexes

Annex 1. Workshop Agenda

LATIN AMERICA AND THE CARIBBEAN REGIONAL WORKSHOP FOR ENHANCING KNOWLEDGE ON THE ADAPTATION FUND PROJECT DEVELOPMENT PROCESS AND PROJECT FULL CYCLE

Date: 7 - 9 June, 2016

Venue: Intercontinental Hotel, Tegucigalpa, Honduras

Tuesday June 7th, 2016

8:30 - 9:00 a.m.	Arrival and Registration	CABEI
Welcome and Introduction		
9:00 – 9:30 a.m.	Welcome and opening remarks	Ms. Marcia Levaggi, Manager of the AFB secretariat Dr. Nick Rischbieth, Executive President of CABEI Ing. José Antonio Galdames, Minister for Natural Resources and Environment in Honduras
9:30 – 9:35	Workshop objectives, approach and overview	Facilitator (Ms. Laura Araya)
9:35 – 10:00	Introductions from participants	Facilitator
Overview of the Adaptation Fund		
10:00 – 10:30	Adaptation Fund status update	Daouda Ndiaye
10:30 – 10:45	Coffee Break	
10:45 – 11:30	AF readiness programme: pre-accreditation and project development support	Farayi Madziwa
The Accreditation and Re-accreditation Process of the Adaptation Fund		
11:30 – 12:10	Accreditation and re-accreditation: The process and the criteria	Angela Palacio and Young Hee Lee
12:10 – 13:00	Panel Discussion: Accreditation experience from AF Implementing Entities <ul style="list-style-type: none"> Jamaica - Ms. Le-Anne Roper (PIOJ) Dominican Republic - Mr. David Luther (IDDI) Peru - Mr. Alberto Paniagua (PROFONANPE) CABEI – Mr. Randall Hooker (Regional Implementing Entity) 	Implementing Entity representatives
13:00 – 14:00	Lunch	
Mainstreaming Gender, Environmental and Social considerations into AF Projects and Programmes		
14:00 – 14:40	Implementing the AF's Environmental and Social Policy in projects and programmes	Dirk Lamberts
14:40 – 15:10	AF Gender Policy	Young Hee Lee
15:10 – 15:45	Dialogue and open discussion on the AF's environmental and social policy and Gender	Facilitator
15:45 – 16:00	Coffee Break	
Adaptation Fund Project /Programme Review Cycle and Process		



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y el Ciclo de Proyectos**
del Fondo de Adaptación



16:00 – 16:30	Overview of the AF project/programme cycle – Review, approval process and timeframes including regional projects	Daouda Ndiaye
16:30 – 17:00	Dialogue and open discussion	
17:00 – 17:10	Closing remarks day 1	Facilitator
17:10 – 18:10	AFB secretariat clinic sessions: Participants will have the opportunity to interact one-on-one with AFB secretariat staff, and with the accreditation and the environmental and social safeguards experts.	

Wednesday June 8th, 2016

DAY 2		
9:00 – 9:10	Day 1 recap and outlook for day 2	Facilitator
Project design and implementation		
9:10 – 10:00	Navigating the AF Proposal template	Daouda Ndiaye
10:00 – 10:30	Dialogue and discussion	Facilitator
10:30 – 10:45	Coffee Break	
Implementing Entity Experience with the Adaptation Fund Project/Programme Submission and Review Process		
10:45 – 12:00	Group discussions: Experience from AF Implementing Entities Participants will be split into groups in which implementing entities with project experience will share with others the process they went through to submit project proposals and to implement/project inception. Experienced implementing entities will share challenges they faced and the solutions or approaches they used to overcome the challenges.	Implementing Entity representatives
12:00 – 12:30	Dialogue and open discussion	Facilitator
Interactive Exercise on AF Project/Programme Design and Development		
12:30 – 13:00	Case study: Completing the AF project/programme proposal template	Facilitator
13:00 – 14:00	Lunch	
14:00 – 14:30	Case study: Completing the AF project/programme proposal template continued...	Facilitator
14:30 – 15:45	Open dialogue and group feedback	Facilitator
15:00 – 15:15	Case study conclusion and closure	Daouda Ndiaye
Adaptation Priorities and Funding Needs and Opportunities in GRULAC		
15:15 – 16:15	Panel discussion: Adaptation Priorities and Needs in the GRULAC region <ul style="list-style-type: none"> • UNDP – Ms. Joana Troyano • UNEP – Ms. Silvia Giada • FAO - Dina Lopez/ Yerania Sanchez Q&A: Dialogue and discussion	Daouda Ndiaye
16:15 – 16:30	Coffee Break and End of Day 2	
16:30 – 17:30	AFB secretariat clinic sessions: Participants will have the opportunity to interact one-on-one with AFB secretariat staff, and with the accreditation and the environmental and social safeguards experts.	



Taller sobre
El Proceso de Desarrollo
y el Ciclo de Proyectos
del Fondo de Adaptación



Thursday June 9th, 2016

DAY 3		
9:00 – 9:10	Day 2 recap and outlook for day 3	Facilitator
09:10 – 10:10	Panel discussion: Experience in Funding Adaptation Projects and opportunities in the GRULAC region <ul style="list-style-type: none"> • CABI – Mr. Randall Hooker • CAF - Ms. Maria Carolina Torres • IDB - Mr. Daniel Hincapié-Salazar Q&A: Dialogue and discussion	Facilitator
10:10 – 10:30	Workshop wrap up, take away and closing remarks: <ul style="list-style-type: none"> • AF • CABI • Mi Ambiente 	
10:30	Depart to field visit: AF funded project in Honduras	
13:00 – 14:00	Field Lunch	
16:00	Depart back to Tegucigalpa	



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del Fondo de Adaptación



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Taller sobre
**El Proceso de Desarrollo
y el Ciclo de Proyectos**
del Fondo de Adaptación



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