

Session 5:

Case Study - Selecting a suitable candidate NIE

You have been nominated by the minister as the Designated Authority (DA) to the Adaptation Fund in your country. As the newly elected DA, you set up a national committee and launched a call based on the accreditation application form of the AF, for organizations that might be able to fully meet the requirements for accreditation to express interest in pursuing accreditation with the Fund as a national implementing entity (NIE) that would access AF resources through its Direct Access modality. 3 organizations responded to the call and after an initial review of the submissions, the national committee has summarized the attributes of each organizations and submitted to you for your decision.

Using the information provided, please identify a suitable candidate NIE and provide an explanation back to the committee the reasons that make your choice the most suitable NIE of the 3 candidates.

NIE 1

This first National Implementing Entity is a non-governmental, multi-stakeholder organization closely affiliated to the country's Ministry of Environment but not a state body. It receives funding from different branches of the United Nations as well as the private sector. According to the Designated Authority, the legal status of the National Implementing Entity – as separate from the institutions of the state – was a crucial factor for its selection. The Designated Authority explains: 'We made an explicit effort to nominate a National Implementing Entity that was not part of the State in order to prevent any potential conflicts of interest when managing Adaptation Fund financing.' The entity was further considered a strong candidate by the Designated Authority because it provided evidence of:

- transparent management systems;
- a satisfactory level of existing funds;
- a robust project management infrastructure; and
- the capacity to manage relatively large projects and programs
- "Track record" in implementing projects
- "Track record" in implementing policies and procedures
- Extensive use of the web.

NIE 2

This next National Implementing Entity is also a non-governmental organization. It is a Trust Fund that works to strengthen natural resource management and support biodiversity conservation efforts in the country. The Fund has been in existence in the country for more than 20 years, and due to a need to win the confidence of international and domestic donors, it has established highly rigorous operating procedures. When reviewing its application, the Adaptation Fund considered the entity a strong candidate for accreditation because of its:

- institutional expertise in the efficient and transparent raising, managing, and channeling of financial resources;
- reliability and robust accountability, which it has demonstrated to its domestic and international donors over the last two decades; and
- experience in attracting private sector finance for adaptation and mitigation. The Fund has raised a total of about US \$151 million from different sources including multilateral and bilateral institutions as well as private corporations
- experience working with international and multilateral donors
- Expertise in identifying and incorporating national resources.

NIE 3

This last National Implementing Entity is a government agency that operates as the country's national planning institute. As such, it is responsible for the country's long-term strategy; coordinating policies and implementing programs for the country's economic, social, and environmental development; and undertaking research on issues of national development. The entity is also a government mediator that collaborates with international development partners and has a great deal of experience in accessing and channeling development finance.

Several factors made the government agency a strong candidate for accreditation to the Adaptation Fund:

- **Maturity:** Established more than 50 years ago, the National Implementing Entity has an extensive record of project summaries, annual reports, audited financial statements, and other documentation required as part of the Adaptation Fund's fiduciary standards.
- **Close ties to government and development institutions:** The National Implementing Entity is responsible for all project cycle management and auditing associated with the government's public sector investment program and has a history of working closely with development partners.
- **Experience in obtaining development finance and managing projects:** Not only does the National Implementing Entity act as the national authorizing office for cooperation with the European Union, it also has considerable experience implementing projects funded by the United Nations and other multilateral donors.
- **Experience with large budgets:** Throughout its lifetime, the National Implementing Entity has mobilized US \$1.2 billion of international development finance from a range of donors, which indicated to the Designated Authority that the entity already met many of the competencies required as part of the Adaptation Fund's fiduciary standards
- **Key policies on internal control and anti-fraud frameworks in place**
- **Project management policies systematically followed.**