

# Training Workshop on Accreditation to the Adaptation Fund at the UNFCCC Asia Pacific Climate Week

2 – 3 September 2019

United Nations Conference Center, Bangkok, Thailand  
Report



## **Introduction**

The Adaptation Fund (the Fund) in collaboration with the NDC Partnership convened 15 climate-vulnerable countries primarily from the Asia-Pacific region for a training workshop in Bangkok, Thailand aimed at enhancing access to climate finance in the region.

The September 2-3 workshop coincided with the *2019 Asia Pacific Climate Week (APCW)*, which is part of a regional climate week series organized by the UN Framework Convention on Climate Change and Nairobi Framework Partnership targeted at raising climate ambition and action around the Paris Agreement, the UN Climate Summit in New York in late September and COP 25 in Chile in December.

The workshop used a peer-to-peer learning approach and open dialogue to include case studies and interaction with the Fund's accreditation and climate finance readiness teams. Training materials were provided from the Fund's new e-learning course on accreditation, as well as its report on ['Bridging the Gaps in Accreditation'](#) that includes lessons learned and best practices.

**Workshop Facilitators:** Mr. Farayi Madziwa and Ms. Silvia Mancini

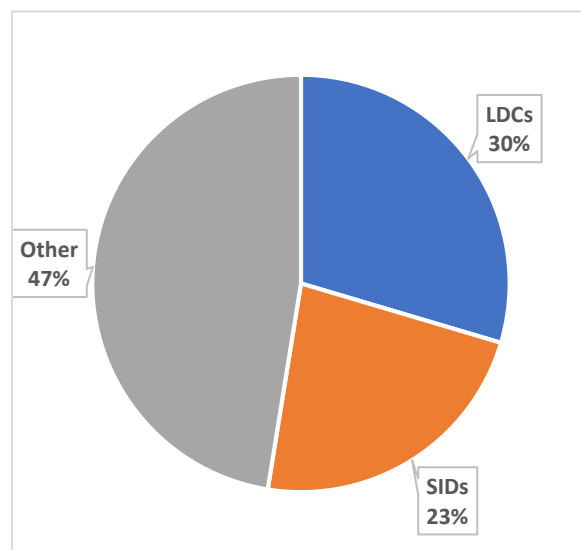
## **Day 1 - Monday, 2 September**

### **Welcome and introduction**

Farayi Madziwa, Readiness Programme Officer at the Fund, provided opening remarks on behalf of Mikko Ollikainen, Manager of Adaptation Fund Board (the Board) Secretariat. He mentioned Asia's vulnerability to climate change, including floods, storms and droughts; the Fund's pioneering Direct Access modality, which allows National Implementing Entities (NIEs) to directly access adaptation finance; the 31 accredited entities of the Fund who enjoy Direct Access, while more than half of these are Small Island Developing States (SIDS) and/or Least Developed countries (LDCs) (see figure 1) ; the milestone of reaching almost 100 concrete projects, representing close to US\$ 600 million and close to 6 million beneficiaries; the Fund financing relatively small projects mostly, these projects being scaled-up by other entities, the Green Climate Fund (GCF) particularly; the Fund's learning and sharing strategy across the globe; the record and increasing demand for funding experienced by the Fund; the Fund officially serving the Paris agreement as of 2019, and the record pledge of US\$ 129 million secured at the COP 24; the fact that ¼ of the Fund's NIEs are in Asia; the e-learning course providing training material for this accreditation workshop, including a report with case studies; and the streamlined innovative accreditation process for small entities, SIDS in particular.

**Figure 1. LDCs and SIDS among accredited NIEs**

Lisa Bow, Head of Knowledge Services for the NDC Partnership Support Unit, expressed her delight at the presence of many countries. She explained that the NDC partnership was a quite new initiative: a country-driven global coalition of countries and institutions that are working to accelerate climate action and implement the Paris agreement, formed two years ago during the Conference of the Parties 22 (COP), focusing on the practicality of the initiative. It operates on several levels: providing direct support to countries to address NDC revisions; mobilizing funds; capacity-building for civil society; and assessing financial vulnerability. This is done through its institutional and development partners, and not directly by the NDC Partnership Support Unit. Gaining access to climate funds is the second most important finance-related demand from NDC Partnership country members, after project preparation. She mentioned a new modality: the [climate action enhancement package](#) (CAEP), meant to enhance the quality, raise ambition and fast-track NDC implementation a head of the 2020 Paris Agreement NDC update.



Gaining access to climate funds is the second most important finance-related demand from NDC Partnership country members, after project preparation. She mentioned a new modality: the [climate action enhancement package](#) (CAEP), meant to enhance the quality, raise ambition and fast-track NDC implementation a head of the 2020 Paris Agreement NDC update.

### **Session 1: Adaptation Fund access modalities and accreditation options**

Silvia Mancini, Operations Officer at the Fund, provided an overview of the accreditation steps, and the three modalities (Regional, Multilateral and National Implementing Entities) that developing countries can use to access the Fund’s resources, emphasizing the fact that most accredited entities are NIEs. She discussed the steps in the accreditation cycle, the importance of constant communication between the applicant and the Fund during this process; the triangular nature of the application involving the applicant, Accreditation Panel (AP) and the Adaptation Fund Board Secretariat; the delays happening at the country level, given the country-driven nature of the process; and the fast-track accreditation option, a process that enhances complementarity between the Fund and the GCF. The presentation was followed by a Q&A session.

Question: How long does the review process take?

Response: 6-24 months, 18 months on average. It depends on each country’s situation and process.

Question: Who presents to the Board the case of the applicant?

Response: The Panel, through a report, which is shared with the Fund secretariat and forwarded to the Board (synthesized).

Question: What happens in countries when there are delays?

Response: See presentation (fiduciary capacity, limited experience; underestimating the process; lack of understanding of process.)

Question: Does GCF accreditation enable fast-track accreditation?

Response: Yes, but this will be answered later in the workshop.

Question: Can anyone apply for accreditation? Do you need approval from the National Designated Authority (NDA)?

Response: The Fund has one accredited entity per country, endorsed by the DA, a person and not an institution in our system.

Question: The GCF can improve capacity and strengthen institutions. How does the Fund build capacity?

Response: The accreditation process is a way of building capacity. The Fund's Readiness Programme is meant to assist countries pre and post accreditation.

## **Session 2: Understanding accreditation gaps and challenges in the region - experience sharing by entities**

The audience was split into two breakout groups to respond to the following two questions:

<b>What are the challenges facing countries in the region in obtaining accreditation with the Adaptation Fund / accessing finance from the Adaptation Fund?</b>	<b>How can capacities to access climate finance best be strengthened?</b>
It is difficult to get that buy-in from management, the cost-benefit analysis must be convincing, for all departments of your organization (human resources, accounting, management etc.)	Proving project experience. You can partner with an international organization, which may deem you as a competitor.
Documentation, which is considerable, can be missing, or in another language, requiring translation.	Building capacity to develop project proposal and developing a mechanism for funding flows.
It is hard to make the business case of adaptation, it is not always bankable, as a revenue stream is not always available.	It would be useful to have a basic template to help countries see clearly what the requirements of the Fund are, to match with the settings and legislation of the institution. Adaptation affects different ministries and agencies in the government, so a clear template showing what the Fund requires would help.
Documentation, translation costs and time	Over-reliance on outside consultants, and a need to build internal capacity, more in-house training, and the training of trainers.

Coordination challenges at the ministry and senior level, political considerations.	There is a dearth of capacity for all aspects of adaptation (finance, accreditation) including big capacity gaps understanding the nature of projects.
Getting two nominations can be challenging (regional + national).	

### Session 3: Overview of Readiness and capacity building support pre and post accreditation

Farayi Madziwa’s presentation focused on the Adaptation Fund’s history and financial architecture, namely the evolution of its financing sources; the Fund’s Medium-term strategy (MTS) and its 3 pillars of Action, Innovation, and Learning and Sharing, which provide funding opportunities that fall outside the US\$ 10 million country cap; the responsibility of an accredited entity as a project manager; the increasing number of NIEs throughout the world; the different readiness grants available to NIEs, namely the South-South Cooperation Grant (SSC), the Technical Assistance Grant for the Environmental and Social Policy and Gender Policy (TA-ESGP), the Technical Assistance Grant for the Gender Policy (TA-GP) and the Readiness Support Package, which fall outside the country cap; the accreditation application form and toolkit; the annual seminar for accredited NIEs; the readiness webinars for accredited NIEs; guidance tools and documents meant to help NIEs; the Community of Practice for Direct Access Entities (CPDAE); the Climate Finance Ready knowledge sharing website; and the project scale-up grants under the MTS. The presentation was followed by a Q&A session.

Question: What distinguishes you from the GCF?

Response: There are countries that don’t have the capacity to absorb US\$ 50 million. Not all entities are equal in terms of absorptive capacity. On the project side, a lot of the Fund’s resources are spent at the local level. It differs per country and context. Accessing funds from the Adaptation Fund is a country-driven process.

Question: Can you combine GCF and Adaptation Fund resources?

Response: It depends. Co-financing is not a requirement of the Fund. However, some projects have co-financing elements, and that is acceptable for the Fund. But the component funded by the Fund must be able to be carried out until completion and until the project objectives are met without co-financing.

### Session 4: The Adaptation Fund Designated Authority – Roles and responsibilities

Silvia Mancini presented the roles and responsibilities of the DA in the different phases of the accreditation process; the “dormant application”, when accreditation is delayed; the process the DA could follow to nominate an NIE for accreditation by the Fund; the language issues surrounding the accreditation application form and supporting documents; and the accreditation-related documents available on the Fund website. Her presentation was complemented by input from Daniel Nelson, a Fund AP member.

Farayi Madziwa added that the accreditation process is country-driven; that the DA at the Fund is an individual and an actual person compared to the GCF NDA, which is an institution; and that all nominated DAs are on the Fund website.

## **Session 6: Understanding Adaptation Fund fiduciary standards – Financial integrity and management**

Silvia Mancini gave a detailed presentation of the Fund’s accreditation application form, copies of which were distributed to participants. She discussed the legal aspects of accreditation, namely the legal capacity, legal status and legal personality of the applicant entity.

Daniel Nelson discussed financial statements and internal and external audits and explained the Fund’s accounting standards; the “management letter” recommending action; the Institute of Internal Audits (IIA) serving as the international standard for auditing; and financial reporting and the Internal Control Framework. The session concluded with Q&A.

Question: Should the audit committee be independent from management? One of the requirements of GCF was to have an external analysis of our internal audit.

Response: There must be some standard of independence. This is a good practice. But it’s not a standard for the auditors to be external, only desirable.

### **Session 6.1 Financial integrity and management case study**

Daniel Nelson moderated a financial integrity and management case study. The participants were split into two breakout groups, and several questions concerning financial management and integrity, requisite institutional capacity, transparency, self-investigative power and anti-corruption measures were given to the two groups to discuss. The session concluded with Q&A.

Question: Can a NIE prepare a policy that includes both the Environmental and Social Policy (ESP) and the Gender Policy (GP)?

Response: Yes. As long as the Fund’s requirements are respected, these can all fit into one policy.

Question: Does the ESP have to be aligned with the International Finance Corporation (IFC) standards?

Response: From the Panel’s perspective, the alignment must be with the Fund’s policies.

Jonathan Caldicott from the World Bank Trust Funds & Partner Relations office added that the Fund worked early to develop its own standards, and not simply adopt the IFC’s.

Question: If any financial requirements are missing, does the Fund support the entity through policy measures?

Response: The Panel will look at alternatives, but it never drafts policy, nor does it advise entities, it only assesses. There is an element of capacity-building in the accreditation process which we want you to go through.

## **Day 2 - Tuesday, 3 September**

### **Session 7: Understanding AF fiduciary standards – Institutional capacity**

Silvia Mancini' presentation, shared with Daniel Nelson, discussed details of the Fund's fiduciary standards, including procurement procedures and rules; project implementation necessary steps; risk assessment, matrixes and impacts; common capacity-building gaps and examples of mitigation factors; project monitoring and evaluation; and project closure and final evaluation.

Question: In terms of procurement, we have an extensive and expansive procurement law in our country. Would we have to re-write our internal procurement procedures?

Response: No, your national procurement procedures are probably enough to respect ours, but the language might be an issue.

Question: Would an NIE have to impose upon an Executing Entity (EE) anti-money laundering - combating the financing of terrorism (AML-CFT)?

Response: There would have to be a replication of the AML-CFT with the EE. There is a full responsibility from the NIE to guarantee implementation of the AML-CFT.

Question: GCF requires that the procurement policy state that the NIE conduct oversight of the EE. Does the AF have that requirement as well?

Response: It is the nature of the Implementing Entity (IE) to have that oversight. We don't have, compared to the GCF, an accreditation master agreement. As soon as you are accredited by the Board, you are fully accredited. You do need full oversight of the EE and of the project, and that is why accreditation is so important. Your sub-agreement with the EE is your business. The Operational Policies and Guidelines (OPG) detail your responsibilities and the extent of your duties with regards to the EE.

Question: Do you use the IFC's ABC standards?

Response: There is no set standard, no specifics, but generally accepted risk assessment is necessary. Most important is how the entity monitors and mitigates risks and adjusts for these risks. When risks are properly monitored, it means that there is a transparent system, and the complaints mechanism is operational. It reinforces the comfort level of the Panel.

Question: Does this project monitoring include risk assessment and environmental and social safeguards (ESS) in line with the Fund's ESP?

Response: Yes.

Question: Our project is geared towards clients, a product that we present to our clients. Is it required by the Panel to present the project using the Fund's terminology?

Response: This is very specific to banks, lines of credit etc. It is required because we are talking about grants, a grants-based approach. We are looking at your capacity to fully manage and implement a project, that helps beneficiaries. The Panel wants to see that the project is geared towards project beneficiaries.

### **Session 7.1: Institutional capacity case study**

In this session, moderated by Daniel Nelson and Silvia Mancini, participants were split into two groups to work on an institutional capacity case study. They were asked to reflect upon the following questions, results:

1. What if your procurement policy is not up to date, or is not fully documented, or is documented in multiple other policies (i.e., not as a stand-alone policy)? How would you address this in your accreditation application?
2. How do you think that you could present documentation of a “track record” of implementing projects from “start to finish” (plan, risk assessment, quality-at-entry, project appraisals, M&E, project closure, etc.)?
3. What if your institution does not have an established project monitoring and evaluation (M&E) function, what may be an alternative approach to address this accreditation requirement?

#### Group 1:

- They use their organization’s policy instead of donor policy.
- The participants procurement policy needs to be updated.
- They use a procurement policy approved by the GCF.
- The procurement policy’s gaps can be addressed at the next project.
- It is important to monitor the procurement policy, with an M&E framework.
- You can outsource the procurement process, but you don’t build internal capacity.
- The UN imposes that you have an auditing system in place.

#### Group 2:

- Our national policies and laws incorporate procurement.
- When not in law, we had to amend policy to include procurement in our projects.
- Mentioning GCF experience, and confidentiality, some entities had to consult clients to ask if information could be shared. Some accepted, others refused.
- Challenge: some monitoring is not really documented, it is under project managers or credit officers, these processes are not documented unless problems arise, so the information is non-existent and traced back to individuals. The banks have a lot of projects and it is difficult to trace all the information. Not all the experiences were clearly documented, so we had to harmonize information, and introduce more formal procedures for all projects to follow.
- There was no generalized data, so a new unit was created to harmonize policies and collect data. It is impossible to manage a project without a proper process or person to trace how it is performing, or else your business will fail. It is difficult without a proper baseline assessment.



Silvia Mancini continued to go through the accreditation application form, discussing transparency, self-investigative powers, anti-corruption measures, and mechanisms to address environmental, social and gender complaints.

Daniel Nelson continued to discuss the form, detailing financial mismanagement and malpractices.

Question: Do all the documents have to be in English? Our official language is not English.

Response: I would not advise you to translate everything into English. You can give a summary, translate certain key documents. Do not translate all documents. You must fill the application form in English. We do not have a formula for languages. We collaborate with the entities, to best deal with the barriers. The panel can work in most of the UN languages, but not all. It is a question of finding the right balance between the entity and the Fund.

Question: Do all complaints need to be submitted, or only certain categories?

Response: Don't exclude any complaints. There are categories and degrees of importance, but for the sake of transparency, please share all complaints.

The institutional capacity case study continued, with the following conclusions from the two breakout groups:

Group 1:

For most of the entities, there isn't a service for complaints, it is quite challenging. It is important to be honest with the public and have transparency, but you must have solid institutions.

Group 2:

Institutions need to be monitored, held accountable and have a "third eye" monitoring those institutions. State audits in certain countries and regulatory bodies for commercial entities do exist in certain countries and are dedicated to the investigation of corruption, money-laundering etc. These countries need to have oversight of commercial and public entities, with institutions that have the legal capacity to act.

Question: Do you provide assessment of gaps for accreditation?

Response: No. When you are going through accreditation, you have not met the Fund's policies yet. When the panel does the assessment, they are looking at the international standards that you would be complying with. Post-accreditation, you should be complying with the Fund's standards, over and above international standards. We do have readiness grants to facilitate your update of existing policies in line with the Fund's ESP and GP.

Comment: When talking about civil rights and the differences between the GCF and the Fund, the Fund is mostly focused on adaptation, while the GCF also focuses on mitigation. It is easier in mitigation to meet these requirements, because emissions reductions are simpler than adaptation.

Response: This is an obligation (to meet these requirements) imposed by our convention and Board. You cannot overlay the two sets of requirements (GCF and the Fund), but entities accredited by the GCF can

fast-track their accreditation through the Fund. There are some advantages and benefits to complying with the GCF requirements, which accelerates the process, in both directions.

Comment: Dealing with gender and social issues requires specialized entities and people, which are not always present in all entities. International organizations such as the Fund should give the correct message about stressing the importance and guidance about these requirements.

### **Session 9: Overview of accreditation steps and governing bodies involved in the Regular Accreditation process**

In this session, Silvia Mancini provided an overview of key accreditation steps.

Question: Does the Fund provide advice about the DA's nomination process?

Answer: No. This is an internal county-driven process.

Question: Is there a checklist as the GCF provides, of an assessment of what is required to become an NIE?

Response: No, we have the accreditation application form, which provides that information.

Question: Have you terminated accreditation of an entity?

Response: No. There are possibilities to terminate accreditation in our OPG, for malpractice for instance, but we haven't done that.

Comment: It would help to have a self-checklist of all that is required of the entity to become accredited.

Response: We are currently launching an e-learning course, which will include all the steps and elements that are required for you to become accredited. It is not a self-assessment, but a support mechanism for the country to understand what is required of them. The GCF and the Fund are two separate entities. The GCF might have a self-assessment toolkit, but we don't. We have an accreditation application form, which is our tool to become accredited and can be used as a self-assessment tool. The Adaptation Fund doesn't have conditional requirements for accreditation, as the GCF does, so you must fully meet all accreditation requirements to become accredited with the Fund.

### **Session 5: Case Study – Selecting a suitable candidate NIE**

Participants were divided into three groups and asked to evaluate several potential NIEs' suitability for accreditation if they were the DA, based on descriptions of these organizations (see below).

- 1. The first NIE was 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.'*

2. *The second NIE was 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.*
3. *The third NIE was 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.*

The feedback from each group was as follows:

Group 1:

Some organizations might be too big for the task. Some will not be able to receive funds. We chose a non-governmental organization (organization #1) that is sufficiently mature, have their legal personality, do not have conflicts of interest, and the amounts they are dealing with are proportionate with the task.

Group 2:

The 1<sup>st</sup> organization in the list was not relevant to adaptation projects. The 3<sup>rd</sup> one would respect fiduciary standards, but is not focused on the environment, it's rather a policy development institution, with only a small and unclear operational role. The group chose the 2<sup>nd</sup> organization as it has extensive experience, so it would be transparent and respectful of the law, which is relevant for accreditation. In addition, it already has experience channeling funds towards adaptation.

Group 3:

The complaints mechanism and fiduciary standards for number three made it a winning candidate.

The case study ended with Daniel Nelson concluding that there was no right or wrong answer, and that it was the thought process of going through the case study and appreciating the requirements of accreditation that was important.

**Session 10: Accreditation round-up dialogue**

Silvia Mancini opened the floor for a final session of Q&A and dialogue with NIEs.

Question: Is there a cost / fee to apply for accreditation?

Response: No.

Question: What kind of projects fall into adaptation?

Response: The Fund will finance a whole range of projects under the theme of adaptation across many sectors e.g., coastal management, urban resilience, water management, etc. The process is country-driven, and it depends on the country's needs and how they frame adaptation.

Question: Capacity-building is often overlooked. Do you have a specific grant or component for capacity-building?

Response: We have Project Formulation Grants (PFGs) and Project Formulation Assistance (PFA) grants to help with development of proposals for NIEs accessing the Fund's resources through the Direct Access modality.

**Participants then joined the NDC Partnership half-day workshop on Friday, 6 September from 9:00am – 12:40pm, which discussed country access to global climate funds by sharing and exploring lessons and insights on accreditation and project development processes for the Green Climate Fund and the Adaptation Fund.**