



ADAPTATION FUND

# Study on Readiness and Capacity Building for Direct Access to Adaptation Finance

REPORT | 26 JULY 2020



# List of Acronyms

<b>AF</b>	Adaptation Fund	<b>MIE</b>	Multilateral Implementing Entity
<b>AF-TERG</b>	Technical Evaluation Reference Group of the Adaptation Fund	<b>MTS</b>	Medium term Strategy (of the Adaptation Fund)
<b>AFB</b>	Adaptation Fund Board	<b>NAMA</b>	Nationally Appropriate Mitigation Action
<b>AfDB</b>	African Development Bank	<b>NAP</b>	National Adaptation Plan
<b>CBIT</b>	Capacity-building Initiative for Transparency	<b>NAPA</b>	National Adaptation Program of Action
<b>CCCD</b>	Cross-Cutting Capacity Development Programme	<b>NDA</b>	National Designated Authority
<b>CIF</b>	Climate Investment Fund	<b>NDC</b>	Nationally Determined Contribution
<b>COP</b>	Conference of the Parties	<b>NGO</b>	Non-Governmental Organization
<b>CPDAE</b>	Community of Practice for Direct Access Entities	<b>NIE</b>	National Implementing Entity
<b>CSE</b>	Centre de Suivi Écologique	<b>NPFE</b>	National Portfolio Formulation Exercises
<b>CSO</b>	Civil Society Organization	<b>PCCB</b>	Paris Committee on Capacity Building
<b>CSP</b>	Country Support Programme	<b>PFA</b>	Project Formulation Assistance
<b>CTCN</b>	Climate Technology Centre and Network	<b>PFG</b>	Project Formulation Grant
<b>DA</b>	Designated Authority	<b>PPCR</b>	Pilot Program for Climate Resilience
<b>DBSA</b>	Development Bank of Southern Africa	<b>PPF</b>	Project Preparation Facility
<b>EDA</b>	Enhanced Direct Access	<b>PPRC</b>	Project and Programme Review Committee
<b>ESGP</b>	Environmental and Social Policy, and Gender Policy	<b>RBM</b>	Results-Based Management
<b>ESP</b>	Environmental and Social Policy	<b>REDD+</b>	Reducing emissions from deforestation and forest degradation, fostering conservation, sustainable management of forests, and enhancement of forest carbon stocks
<b>FCPF</b>	The Forest Carbon Partnership Facility	<b>RIE</b>	Regional Implementing Entity
<b>FECO</b>	Foreign Economic Cooperation Office	<b>RPSP</b>	Readiness and Preparatory Support Programme (of the GCF)
<b>FIP</b>	Forest Investment Programme	<b>SB</b>	Subsidiary Body
<b>FMCA</b>	Financial Management Capacity Assessment	<b>SCCF</b>	Special Climate Change Fund
<b>FUNBIO</b>	Brazilian Biodiversity Fund	<b>SDG</b>	Sustainable Development Goal
<b>FY</b>	Fiscal Year	<b>SF</b>	Strategic Focus
<b>GCF</b>	Green Climate Fund	<b>SGP</b>	Small Grants Programme
<b>GEF</b>	Global Environment Facility	<b>SIDS</b>	Small Island Developing State
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH	<b>TOC</b>	Theory of Change
<b>IBRD</b>	International Bank for Reconstruction and Development	<b>UN</b>	United Nations
<b>IE</b>	Implementing Entities	<b>UNCCD</b>	United Nations Convention to Combat Desertification
<b>IIED</b>	International Institute for Environment and Development	<b>UNDP</b>	United Nations Development Programme
<b>IPCC</b>	Intergovernmental Panel on Climate Change	<b>UNEP</b>	United Nations Environment Programme
<b>LCDF</b>	Least Developed Countries Fund	<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>LDC</b>	Least Developed Country	<b>WRI</b>	World Resource Institute
<b>MEA</b>	Multilateral Environmental Agreement		



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# Executive Summary

## Background

The Adaptation Fund (AF) commissioned this study for the purpose of examining how readiness and capacity building for Direct Access are understood globally within the climate finance architecture, and how they are provided by the AF and other environment and climate Funds under the United Nations Framework Convention on Climate Change (UNFCCC). This study is produced within the AF's Medium-Term Strategy (MTS) for 2018-2022.<sup>1</sup>

Taking stock of the status of readiness and capacity building support for Direct Access to climate finance, this publication draws primarily on the experience of the AF's Readiness Programme for Climate Finance. It also draws on the programming of other multilateral environment and/or climate Funds, including the Green Climate Fund (GCF) and the Global Environment Facility (GEF). Findings are herein concisely discussed, followed by concluding thoughts and a full set of recommendations.

*Readers are invited to consult the report in its entirety.*

## Direct Access in the Global Financial Architecture

Climate change awareness and action was launched in earnest in 1992, with the adoption of the UNFCCC, at the heart of an emergent global regime intent on stabilizing atmo-

spheric greenhouse gas emissions. It called on developed country Parties to provide and enable financing for climate mitigation and adaptation actions in developing countries. Parties to the UNFCCC subsequently penned further protocols and agreements (e.g. 1997 Kyoto Protocol, 2015 Paris Agreement).

Reflecting this evolving set of commitments, and to work towards meeting the costs of climate change adaptation (and mitigation), a global climate Financial Mechanism to the UNFCCC was created, which originally saw two international entities entrusted with its operationalization; the GEF, launched in 1991 and operationalized in 1994, and the GCF, launched in 2010. The AF, established under the Kyoto Protocol in 2001 and launched in 2007, is another Fund set up by the COP. It has formally served the Paris Agreement since January 2019.

Climate change adaptation is both challenging and costly. According to a 2016 UNEP Report, it is now believed that "the costs of adaptation could range from US\$140 billion to US\$300 billion by 2030, and between US\$280 billion and US\$500 billion per year by 2050".<sup>2</sup> Over the last decades, the global community has endeavored to raise resources for climate adaptation, with significant progress having been made, though still nowhere near the requisite amounts. To wit, annual adaptation finance overall reached US\$30 billion in 2017/2018

1. See the MTS at: <https://www.adaptation-fund.org/wp-content/uploads/2018/03/Medium-Term-Strategy-2018-2022-final-03.01-1.pdf>.

2. United Nations Environment Programme, (2016) *The Adaptation Finance Gap Report*. Nairobi, Kenya: United Nations Environment Programme. Retrieved from: [https://naturalsciences.ch/uuid/b8f4421a-04a4-5856-858c-ed76f3833936?r=20190807115818\\_1588587518\\_7557a89a-c9b5-50c3-9012-a645c8259dba](https://naturalsciences.ch/uuid/b8f4421a-04a4-5856-858c-ed76f3833936?r=20190807115818_1588587518_7557a89a-c9b5-50c3-9012-a645c8259dba)



for the first time.<sup>3</sup> While developing countries already find themselves experiencing an adaptation finance gap, i.e. the gap between the cost of reaching an adaptation target and what is available for doing so, this gap is expected to grow as adaptation needs increase with rising climate impacts.

Climate financing has historically mostly flowed to multilateral institutions acting as international intermediaries to climate action. While they have been managers of choice early on for climate finance, important global deliberations conducted in parallel pointed towards the need for increased ownership and alignment in the realm of global financial assistance. In this context, since the year of its launch, the AF pioneered a new approach for accessing funds via 'Direct Access', which the GCF then adopted as well, whereby countries access financing directly, without an intermediary. To date, over half of the entities accredited by both the AF and GCF are Direct Access entities. As an extension of Direct Access, the AF pioneered 'Enhanced Direct Access' (EDA), which the GCF soon piloted. The EDA modality builds on the Direct Access approach but goes further by providing National Implementing Entities (NIEs) the authority to provide loans and grants for sub-projects executed by other organizations.

## Readiness and Capacity Building for Climate Action

Developing countries have varying and usually limited capacity for dealing with

the many challenges of climate change, including accessing and managing significant climate finance. Indeed, the need for developing country capacity development in the sphere of climate change has long been recognized (UNFCCC Articles 6 and 9, Kyoto Protocol Article 10.e, Paris Agreement Articles 10 and 11, and others). As a subset of capacity building, readiness consists in the improvement of countries' capacities to plan for, access, and deliver climate finance specifically, as well as monitor and report on expenditures.

To level the chances of benefitting from Direct Access, readiness and capacity building programmes have been created. Countries have been able to take advantage of such programmes under the different climate Funds and apply for available support to increase their ability to access resources of the Funds through their Direct Access modalities.

A leading global readiness programme, the GCF's Readiness and Preparatory Support Programme (RPSP) was launched in 2014. It aims to enhance country ownership and help countries access GCF resources. For these purposes, it offers grants and technical assistance to strengthen National Designated Authorities (NDAs), support the accreditation process of NIEs and Regional Implementing Entities (RIEs), and assist with the formulation of National Adaptation Plans (NAPs) and others. Any kind of organization in any country can apply for RPSP resources, as long as it is nominated by an NDA.

3. Buchner, Barbara et.al., (2019) *Global Landscape of Climate Finance 2019*. Climate Policy initiative. Retrieved from: <https://climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2019/>

At the Climate Investment Funds (CIF), readiness and capacity building support have been delivered through projects supported by various Funds, such as the Forest Investment Program (FIP), the Pilot Program for Climate Resilience (PPCR), and the Forest Carbon Partnership Facility (FCPF). At the GEF, capacity building is considered a key project theme and is frequently embedded in project design. While the GEF does not use the terminology of readiness, it recently has had three capacity building programmes and has supported the integration of environmental sustainability across key development sectors and with various stakeholders.

### **Adaptation Fund's Readiness Programme for Climate Finance**

The AF started providing readiness and capacity building support at workshops organized by UNFCCC in 2011 and 2012, and later launched the Readiness Programme in 2014. The Programme has since provided necessary capacity building to NIEs (and for a short while also to RIEs) to enable greater access to adaptation finance, and to enhance the programming of adaptation finance in developing countries for communities that are most vulnerable to the adverse effects of climate change.

The AF offers readiness and capacity building support through four key focal areas: support to countries seeking accreditation; support to accredited IEs; coopera-

tion/ partnership with other climate finance readiness providers; and knowledge management. AF support takes the shape of grants enabling accreditation, providing Technical Assistance, supporting project formulation and scaling, in increasingly innovative ways. AF provides non-grant support as well in the form of seminars, workshops, webinars, guidance documents and other diverse knowledge products, as well as ongoing and tailored assistance. Through this assistance, the Readiness Programme has provided valuable support, both directly and indirectly, to some of the world's most vulnerable countries to effectively receive and manage adaptation finance through a Direct Access modality.

### **Conclusions and Recommendations**

While good progress has been made, the reality is such that only a fraction of the world's countries, institutions and organizations are benefitting from the readiness and capacity building support often required to enable effective climate change adaptation action.

The following recommendations have been crafted to advance conceptual and programmatic deliberations on readiness and capacity building for Direct Access to climate finance, intent on improving the global support provided, as an important constitutive element of a more relevant, effective, and sustainable climate change adaptation (and mitigation) regime.

## **Readiness and Capacity Building**

### **RECOMMENDATION 1:**

Greater financial resources for climate change adaptation, as well as readiness and capacity building more specifically, would serve to address the growing gap between available adaptation finance and rising climate change related impacts and challenges.

## **Global Coherence**

### **RECOMMENDATION 2:**

Agreement and coherence should be sought on the definition, modalities and financing parameters of Direct Access across the institutional climate change and finance landscape.

### **RECOMMENDATION 3:**

Greater coherence and complementarity in the delivery of readiness and capacity-building would be beneficial between climate funds to enable greater awareness of the range of readiness and capacity building support available from various sources towards more coordinated approaches that build up advice across multiple levels within countries and organizations on accessing relevant, timely and appropriately sequenced support.

### **RECOMMENDATION 4:**

In line with their commitment to coherence and complementarity, the Adaptation Fund and Green Climate Fund might consider jointly providing additional tools, training (e.g. webinars) and other forms of support to entities seeking to understand and pursue fast-track accreditation.

## **Adaptation Fund Readiness Programme**

### **RECOMMENDATION 5:**

Given their popularity and effectiveness in supporting accreditation processes, the provision of more Readiness Grants of all types would be welcome. Of particular note, a greater number of entities supporting the delivery of South-South Cooperation grants, representing all regions adequately, may be required.

### **RECOMMENDATION 6:**

A greater number, and appropriate selection, of civil society organizations could be included in Adaptation Fund Readiness Programme activities, particularly as the EDA modality continues to evolve and expand.

### **RECOMMENDATION 7:**

A strategy for the provision of readiness and capacity building to fragile states may be necessary, responding to the particular contextual and capacity challenges facing such countries.

### **RECOMMENDATION 8:**

A yet more intentional and targeted dissemination of Adaptation Fund knowledge products, reaching out to the range of entities participating at events, workshops, webinars, etc., would prove a valuable complement to the readiness and capacity building support provided.

### **RECOMMENDATION 9:**

An evaluation of the Adaptation Fund Readiness Programme, undertaken as a component of a wider MTS evaluation, would shed greater light on the Programme's strengths, limitations and overall impacts.





6th Annual Climate Finance Readiness Seminar for National Implementing Entities in Antigua and Barbuda



# 1. Introduction

## 1.1 Purpose of the Study

This publication examines how readiness and capacity building for Direct Access are understood globally within the climate finance architecture, and how they are provided by climate Funds under the United Nations Framework Convention on Climate Change (UNFCCC). This study was commissioned by the Adaptation Fund (AF), a financial instrument under the UNFCCC and its Kyoto Protocol. Its purpose is to take stock of the status of readiness and capacity building support for Direct Access to climate finance, both internally and externally to the AF. It draws primarily on the experience of the AF and on the programming of climate finance by two other multilateral environmental and/or climate Funds, namely the Green Climate Fund (GCF) and the Global Environment Facility (GEF), while including relevant experience from elsewhere (e.g. from the Climate Investment Funds [CIF]). As such, the report examines the climate Funds serving the Paris Agreement, and their more specific objective of providing readiness and capacity building support to developing countries, intent on enhancing their transformation to a low-emission, climate resilient future.

The publication addresses how the global readiness and capacity building architecture is structured, and could be restructured and strengthened. Indeed, it aims to advance understanding of further readiness and capacity building needs for Direct Access

globally, while identifying opportunities for enhancing the delivery of readiness and capacity building support to developing countries through the AF's Readiness Programme for Climate Finance (henceforth, AF Readiness Programme) as well as that of others. This study is produced within the AF's Medium-Term Strategy (MTS) for 2018-2022, and in particular, the Learning and Sharing pillar of its three-pillar strategy.<sup>4</sup>

The publication hopes to make a contribution in supporting Direct Access through greater clarity and insight among the diverse range of stakeholders about the AF Readiness Programme and other readiness and capacity building support. As such, the primary audiences and users of the report are understood to be the AF Board (AFB), the AFB Secretariat, the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG), Parties to the Kyoto Protocol and to the Paris Agreement, actual (and potential) developing country recipients of AF support (including readiness and capacity building as well as other forms of support), and the AF non-governmental organization (NGO) Network. It is hoped that the report will be of interest to the wider community of experts, academics and others globally.

## 1.2 Methodological Approach

This study was undertaken primarily as a desk study, with extensive document review,

4. The other two pillars are Action and Innovation. See the MTS at: <https://www.adaptation-fund.org/wp-content/uploads/2018/03/Medium-Term-Strategy-2018-2022-final-03.01-1.pdf>. A more elaborate discussion of the AF's MTS and Readiness Programme is pursued in Chapter 4.

supported by a series of remote interviews, informed by feedback from questionnaires, based on an agreed framework.

- **Document Review:** An extensive review of existing AF documentation and broader literature was undertaken. Documentation includes AF, GCF and GEF Board reports, strategy and research documents, performance reports, independent evaluations, activity reports (e.g. webinars), UNFCCC reviews, and academic and civil society research. Particular attention was given to a desktop literature review of the AF's Readiness Programme, and the evolution of activities under the Programme to support Direct Access. (See Appendix I for a bibliography of consulted documentation).
- **Interviewing:** A series of interviews was undertaken with select and diverse stakeholders, as follows: AFB Secretariat staff, AF donors, AFB members, Designated Authorities (DAs), National Implementing Entities (NIEs) of the AF, relevant readiness staff from another environment Fund, and select others.
- **Questionnaire:** The study drew lightly on a virtual questionnaire that was administered electronically to NIEs, DAs and AF NGO Network participants in 2017-18 on behalf of the AFB Secretariat.

Response rates among those consulted were as follows: 21/28 (75%) AF NIEs, 39/39 (100%) AF DAs, 6/32 (18.75%) AF NGOs.

### 1.3 Structure of the Report

The report strikes a balance between discussing the global climate finance architecture and the specific readiness and capacity building support offered by the AF's Readiness Programme. It provides description and analysis of the current readiness and capacity building programmatic landscape, identifying global and programmatic gaps (e.g. in financing, eligibility, etc.), drawing lessons learned and making recommendations for the future of readiness and capacity building at the AF.

To this end, the report is structured into the following chapters:

- **Chapter 2:** Direct Access in the Global Financial Architecture
- **Chapter 3:** Readiness and Capacity Building for Climate Action
- **Chapter 4:** Adaptation Fund's Readiness Programme for Climate Finance
- **Chapter 5:** Lessons Learned, Conclusions and Recommendations

Appendices provide information about documents reviewed and a list of Readiness Programme events.



## 2. Direct Access in the Global Financial Architecture

This chapter presents a broad discussion on the global response to climate change through climate finance and the institutions providing it. It presents the ways in which climate finance for Direct Access is deployed.

### 2.1 Climate Finance as a Response to Climate Change

According to the 2018 Intergovernmental Panel on Climate Change's (IPCC) Special Report: Global Warming of 1.5°C, there is clear and strong evidence of observed impacts of climate change on human and natural systems on all continents and across the oceans.<sup>5</sup> Even if current human activities were to produce zero carbon emissions today, it would still take years to reduce the emissions already present in the atmosphere to levels that would not cause dangerous climatic changes and related adverse effects. Therefore, the priority need to adapt is of utmost importance, as is the need to curb emissions, for the survival of people, flora, fauna, and ecosystems.

Adaptation is both challenging and costly. According to a 2016 UNEP Report, it is now believed that “the costs of adaptation could range from US\$140 billion to US\$300 billion by 2030, and between US\$280 billion and

US\$500 billion per year by 2050”.<sup>6</sup> Over the last decades, the global community has endeavored to raise resources for climate adaptation, with significant progress having been made, though still nowhere near the requisite amounts. To wit, annual adaptation finance overall reached US\$30 billion in 2017/2018 for the first time.<sup>7</sup> While developing countries already find themselves experiencing an adaptation finance gap, i.e. the gap between the cost of reaching an adaptation target and what is available for doing so, this gap is expected to grow as adaptation needs increase with rising climate impacts.

Global efforts to address the many challenges of climate change overall and adaptation specifically are not new. Climate change awareness and action was launched in earnest in 1992, with the adoption of the UNFCCC, at the heart of an emergent global regime intent on stabilizing atmospheric greenhouse gas emissions. It called on developed country Parties to provide and enable financing for climate mitigation and adaptation actions in developing countries. The 1997 Kyoto Protocol states that financing mechanisms of the UNFCCC should fund activities by developing country Parties.<sup>8</sup>

5. Intergovernmental Panel on Climate Change, (2018) *Special report: Global Warming of 1.5°C, Chapter 1*. Retrieved from: <https://www.ipcc.ch/sr15/chapter/chapter-1/>

6. United Nations Environment Programme, (2016) *The Adaptation Finance Gap Report*. Nairobi, Kenya: United Nations Environment Programme. Retrieved from: [https://naturalsciences.ch/uuid/b8f4421a-04a4-5856-858c-ed76f3833936?r=20190807115818\\_1588587518\\_7557a89a-c9b5-50c3-9012-a645c8259dba](https://naturalsciences.ch/uuid/b8f4421a-04a4-5856-858c-ed76f3833936?r=20190807115818_1588587518_7557a89a-c9b5-50c3-9012-a645c8259dba)

7. Buchner, Barbara et.al., (2019) *Global Landscape of Climate Finance 2019*. Climate Policy initiative. Retrieved from: <https://climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2019/>

8. United Nations Framework Convention on Climate Change, (2020) *Climate Finance in the Negotiations*. Retrieved from: <https://unfccc.int/topics/climate-finance/the-big-picture/climate-finance-in-the-negotiations>

At the Cancún Climate Change Conference in 2010, the Parties notably agreed to limit global temperature rise to well below 2°C, as compared to pre-industrial levels, and to operationalize a technology mechanism to boost innovation.<sup>9</sup> In an effort to consolidate and amplify the global community's commitment to addressing the growing challenges of an uncertain and changing climate, Parties to the UNFCCC penned the Paris Agreement at COP 21 in 2015. Adopted by the world's 197 countries, the Agreement is aimed at combatting climate change as well as accelerating and intensifying the actions and investments needed for a sustainable low carbon future, balancing mitigation and adaption priorities. A major global undertaking, this Agreement reaffirms the global community's ambition to limit temperature rise to below 2°C with a concerted effort to limit the temperature increase to 1.5°C above pre-industrial levels. To meet this goal, the Agreement affirms the responsibility of developed countries to provide climate mitigation and adaptation finance, while encouraging the voluntary contributions of other Parties.<sup>10</sup> In its Articles 10 and 11, the Paris Agreement also requires that developed countries provide support to build the capacity of developing countries for effective climate action.<sup>11</sup>

The 2030 Agenda for Sustainable Development goes in the same direction, as it recognizes climate change as a unique and

cross-cutting threat to sustainable development.<sup>12</sup> Sustainable Development Goal (SDG) 13 specifically addresses climate change, entreating the global community to take urgent action to combat climate change and its impacts. On the basis of the UNFCCC, SDG 13 reflects the global community's desire to see a strengthening of resilience and adaptive capacity to climate change produced in all countries. It is also rooted in implementation of developed country Parties' commitment to mobilize US\$100 billion annually by 2020 to address the needs of developing countries in the face of climate change.<sup>13</sup>

Reflecting this evolving set of commitments, a global climate Financial Mechanism to the UNFCCC was created, which saw two international entities entrusted with its operationalization. The GEF was launched in 1991 and has served as an operating entity since the UNFCCC's 1994 entry into force.<sup>14</sup> The GCF, which is the largest Fund devoted entirely to climate change (both to adaptation and mitigation), was established and launched at COP 16 in 2010. The Financial Mechanism is accountable to the COP, and as such, it is the COP that determines its policies, priorities and eligibility criteria for funding. The AF, established under the Kyoto Protocol in 2001 and launched in 2007, is another Fund set by the COP; it has formally served the Paris Agreement since January 2019.

9. United Nations Framework Convention on Climate Change, (2010) *Cancún Climate Change Conference - November 2010*. Retrieved from: <https://unfccc.int/process-and-meetings/conferences/past-conferences/cancun-climate-change-conference-november-2010/cancun-climate-change-conference-november-2010-0>

10. United Nations Framework Convention on Climate Change, (2020) *Climate Finance in the Negotiations*

11. United Nations, (2016) *Paris Agreement*. Retrieved from: [https://unfccc.int/files/essential\\_background/convention/application/pdf/english\\_paris\\_agreement.pdf](https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf)

12. United Nations, (s.d.) *Sustainable Development Goals- Climate Action*. Retrieved from: <https://www.un.org/sustainabledevelopment/climate-action/>

13. Idem.

14. There are also two special Funds under the responsibility of the GEF: the Special Climate Change Fund and the Least Developed Countries Fund.

## 2.2 Approaches to the Deployment of Climate Finance

The vast majority of climate financing has historically flowed to multilateral, and less frequently bilateral institutions acting as international intermediaries to climate action.<sup>15</sup> The intermediaries (e.g. United Nations Development Programme [UNDP], African Development Bank [AfDB], Deutsche Gesellschaft für Internationale Zusammenarbeit [GIZ]) have had responsibility for coordinating the delivery of financing to a range of entities, such as national governments, civil society organizations (CSOs), etc.<sup>16</sup> This process has the double advantage of being reliable and fast-paced, given that such intermediaries usually have well-established systems for financial, environmental, and social risk management, extensive project development experience and a project pipeline.

While international intermediaries have been managers of choice early on for climate finance, important global deliberations conducted in parallel – notably at the High Level Fora on Aid Effectiveness in Rome, Paris, Accra and Busan (2003, 2005, 2008 and 2011 respectively) – pointed to the need for increased ownership and alignment in the realm of global financial assistance. The Paris Declaration on Aid Effectiveness (2005), and later the Busan Partnership

Agreement (2011) advanced that “developing countries set their own strategies for poverty reduction, improve their institutions” (ownership) and that “donor countries align behind these objectives and use local systems” (alignment).<sup>17</sup>

In this context, since the year of its launch in 2007, the AF pioneered a new approach for accessing funds via ‘Direct Access’, which developed into a fully operational modality by 2010. Direct Access generally entails a country accessing financing directly, without having funds flow through an international intermediary. The approach aims to ensure that projects and programmes are more nationally relevant and better connected to the development plans and climate change strategies of each country. Indeed, Direct Access enables developing countries to develop their adaptation projects directly, through country-driven processes and institutions, in partnership with nationally selected and internationally accredited organizations, building on existing capacity and strengthening processes at national and sub-national levels.<sup>18</sup>

Direct Access is widely believed to offer a number of important benefits, including: increasing country ownership; decreasing transaction costs; transferring the full responsibility for project and programme

15. According to the GEF's, the AF's and the GCF's online project databases and dashboards, multilateral and bilateral entities were the recipients of funding respectively in 100%, 42% and 79% of their projects. *Global Environment Facility*, (s.d.) *List of Projects*. Retrieved from: <https://www.thegef.org/projects>; *Adaptation Fund*, (s.d.) *Table of Projects*. Retrieved from: <https://www.adaptation-fund.org/projects-programmes/project-information/projects-table-view/>; *Green Climate Fund*, (s.d.) *Project Dashboard*. Retrieved from: <https://www.greenclimate.fund/projects/dashboard>

16. Carbon Brief, (2017) *Mapped: Where multilateral climate funds spend their money*. Retrieved from: <https://www.carbonbrief.org/mapped-where-multilateral-climate-funds-spend-their-money>

17. To date, the Busan Partnership Agreement has been endorsed by more than 100 countries as the blueprint for maximising the impact of aid. OECD, (2019) *The High Level Fora on Aid Effectiveness: A history*. Retrieved from: <https://www.oecd.org/dac/effectiveness/thehighlevelforaonaideffectivenessahistory.htm>; OECD, (2019) *Paris Declaration and Accra Agenda for Action*. Retrieved from: <https://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>

18. There are important differences between the AF and GCF framings of Direct Access, as discussed later in this report, notably related to the accreditation of national vs. regional entities.



management, including financial monitoring and reporting, to a national agency; and enhancing country accountability, including to global partners. Familiarity with the country context and being 'on-site' has the potential to increase the speed of project and programme execution. Accreditation processes stemming from Direct Access also provide important opportunities for strengthening national institutional and organizational systems; the accreditation process results in significant capacity building and influences the way in which project financing is managed.

At the same time, Direct Access can be slow and even challenging to roll out, when time is of the essence. Indeed, during the transitional period to Direct Access, entities seeking accreditation invest time and resources in adapting their systems to meet international standards, gathering evidence of the operationalization of such systems, and acquiring greater project development and implementation experience. Nevertheless, the benefits of Direct Access are understood to outweigh the challenges of operationalization, as explained by the International Institute for Environment and Development (IIED).

"preparing for Direct Access has inherent co-benefits beyond accessing finance. The trials of accreditation may involve vital growing pains that also strengthen national institutions, and even improve country systems. [Direct Access accreditation]

presents an opportunity to improve a nation's future bargaining capacity to access climate finance 'at scale', creating a positive cycle of funding success."<sup>19</sup>

In some cases, as in countries with entities that cannot immediately take advantage of the Direct Access modality due to capacity constraints inhibiting accreditation, Direct Access may be an objective to work towards, with international institutions managing climate finance resources in the interim.

### 2.2.1 A Diversity of Direct Access

The parameters of Direct Access vary across climate Funds under the UNFCCC in terms of purpose and type of qualifying entities. The AF defines Direct Access as climate finance specifically accessed by national entities, while the GCF understands Direct Access to mean climate finance accessed by national or regional entities, with the latter effectively acting as regional intermediaries. Measures by the AF, such as the establishment of a 50% cap on the cumulative budget allocation for funding projects that are submitted by Multilateral Implementing Entities (MIEs)<sup>20</sup> have tended to encourage and facilitate Direct Access to resources of the Fund. Regarding the GEF, as part of its second round of Agency expansion, the GEF sought to prioritize the accreditation of national agencies as Partner Agencies. As a result, the GEF has accredited three national and some regional and sub-regional Partner Agencies, which effectively

19. Wang, Bowen and Rai, Neha, (2015) *The Green Climate Fund accreditation process: barrier or opportunity?* IIED Briefing Papers. Retrieved from: <http://pubs.iied.org/17311IIED>

20. Adaptation Fund, (2011) *Level of funding approved for projects and programmes implemented by MIEs, in the context of the 50% cap on MIEs*. Retrieved from: <http://www.adaptation-fund.org/generic/level-of-funding-approved-for-projects-and-programmes-implemented-by-mies-in-the-context-of-the-50-cap-on-mies/>

receive funding through a Direct Access modality.<sup>21</sup> In addition, the GEF allocates Direct Access funding at a much smaller scale to eligible national entities in recipient countries, but strictly for their National Portfolio Formulation Exercises (NPFEs) and the drafting of the Convention Reports undertaken as obligations of the countries to the Conventions.<sup>22</sup>

To date, over half of the entities accredited by both the AF and GCF are Direct Access entities: as of November 2019, AF committed close to US\$178 million to NIEs for these entities.<sup>23</sup> A review of project data indicates that the GCF allocated US\$760.3 million to 17 projects for national Direct Access entities.<sup>24</sup> Both Funds have stated their commitment to increasing the number of accredited NIEs and Direct Access entities, as well as the representation of entities in their project pipeline and portfolios seeking to access Funds using the Direct Access modality.<sup>25</sup> Fast-track accreditation, whereby entities already accredited with one Fund can more easily be accredited by other Funds, as offered to GCF and AF accredited entities, has been crafted as a way of opening

up opportunities for more countries to use the Direct Access modality. In addition, the AF adopted in 2015 a streamlined accreditation process which allows small NIEs that meet certain general criteria (i.e. project size, team size, amount of administrative expenses) to achieve accreditation in a more suitable way. The process entails no change to fiduciary standards, but allows for a more flexible and efficient accreditation process, mostly for NIEs from Small Island Developing States (SIDS) and Least Developed Countries (LDCs).<sup>26</sup>

As an extension of Direct Access, and consistent with the benefits of decentralized approaches to climate finance (i.e. Devolved Climate Finance)<sup>27</sup>, the AF pioneered 'Enhanced Direct Access' (EDA)<sup>28</sup>, which the GCF would soon follow. The EDA modality builds on the Direct Access approach but goes an important step further by increasing NIE ownership over climate finance. This modality is structured so that the NIE is not only responsible for project implementation but also has the authority to provide loans and grants for sub-projects executed

21. These national Partner Agencies are the Foreign Economic Cooperation Office (FECO), Ministry of Environmental Protection of China, the Brazilian Biodiversity Fund, and the Development Bank of Southern Africa (DBSA). Global Environment Facility, (2020) *GEF Agencies*. Retrieved from: <https://www.thegef.org/partners/gef-agencies> and Global Environment Facility, (2016) *Evaluation of the Expansion of the GEF Partnership – First Phase*. Retrieved from: <https://www.thegef.org/sites/default/files/council-meeting-documents/Evaluation%20of%20the%20Expansion%20of%20the%20GEF%20Partnership%20Final%20May%2010.pdf>

22. Global Environment Facility, (s.d.) *Types of Projects*. Retrieved from: <https://www.thegef.org/about/funding/project-types>; Global Environment Facility, (2010) *Policies and Procedures for the Execution of Selected Activities – National Portfolio Formation Exercises and Convention Reports – With direct access by Recipient Countries*. Retrieved from: [https://www.thegef.org/sites/default/files/council-meeting-documents/C.38.6.Rev\\_1-Policies\\_and\\_Procedures\\_for\\_Direct\\_Access\\_Final\\_Revised\\_July\\_01\\_2010\\_4.pdf](https://www.thegef.org/sites/default/files/council-meeting-documents/C.38.6.Rev_1-Policies_and_Procedures_for_Direct_Access_Final_Revised_July_01_2010_4.pdf)

23. Adaptation Fund, (2019) *Climate Adaptation Finance: Direct Access*. Retrieved from: <https://www.adaptation-fund.org/wp-content/uploads/2018/04/Direct-Access-English-May-2019-WEB.pdf>

24. GCF, (s.d.) *Project portfolio*. Retrieved from: [https://www.greenclimate.fund/projects?f\[\]=field\\_access:322](https://www.greenclimate.fund/projects?f[]=field_access:322)

25. AF offers fast-track accreditation to entities accredited by GCF, while GCF offers it to entities accredited by either AF, GEF or the European Commission's Directorate-General for International Cooperation and Development (DG DEVCO). Green Climate Fund (s.d.) *GCF in Brief: Direct Access*. Retrieved from: [https://www.greenclimate.fund/sites/default/files/document/gcf-brief-direct-access\\_0.pdf](https://www.greenclimate.fund/sites/default/files/document/gcf-brief-direct-access_0.pdf) Adaptation Fund, (2018) *Analysis on Fast Track Accreditation Process of Entities Accredited with the Green Climate Fund*. Retrieved from: [https://www.adaptation-fund.org/wp-content/uploads/2018/10/AFB.B.32.5-Analysis-on-Fast-Track-Accreditation-process-of-entities-accredited-with-the-GCF\\_final.pdf](https://www.adaptation-fund.org/wp-content/uploads/2018/10/AFB.B.32.5-Analysis-on-Fast-Track-Accreditation-process-of-entities-accredited-with-the-GCF_final.pdf)

26. Adaptation Fund Board, (2015) *Streamlined Accreditation Process*. Retrieved from: [https://www.adaptation-fund.org/wp-content/uploads/2015/04/AFB.EFC\\_16.7.Rev\\_1-Streamlined-accreditation-process.pdf](https://www.adaptation-fund.org/wp-content/uploads/2015/04/AFB.EFC_16.7.Rev_1-Streamlined-accreditation-process.pdf)

27. International Institute for Environment and Development, (2016) *How devolved climate finance can deliver climate resilience at local level*. Retrieved from: <https://www.iied.org/how-devolved-climate-finance-can-deliver-climate-resilience-local-level>

28. Adaptation Fund, (2019) *Window for Enhanced Direct Access under the Medium-Term Strategy*. Retrieved from: [https://www.adaptation-fund.org/wp-content/uploads/2019/03/AFB.PPRC\\_24.3-Window-for-Enhanced-Direct-Access\\_final.pdf](https://www.adaptation-fund.org/wp-content/uploads/2019/03/AFB.PPRC_24.3-Window-for-Enhanced-Direct-Access_final.pdf)



Climate finance readiness workshop in Nairobi, Kenya, 2018

by other organizations (executing entities), following the NIE's own processes.<sup>29</sup> As a funding modality, EDA enhances the decision-making role of Implementing Entities (IEs), with funding decisions, management and oversight taking place at the national and sub-national level. This requires broader institutional capacities than under regular Direct Access.

Under the AF EDA modality, projects or programmes that are approved have not yet defined or specified sub-projects, which

are instead identified and approved by NIEs following AFB project/ programme approval. As of May 2020, the AFB has approved several grants that include EDA elements, with the first in South Africa.<sup>30,31</sup> At the GCF, much like under the AF, EDA is understood as a process led by National Designated Authorities (NDAs) that transfers decision-making to accredited entities, with the aim of ensuring strong country ownership and multi-stakeholder engagement.<sup>32</sup> The GCF has so far disbursed US\$30 million out of the US\$200 million allocated to their EDA pilot.

29. Neil Bird, Simon Billett, and Cristina Colon, (2011) *Direct Access to Climate Finance: Experiences and Lessons Learned*. Discussion Paper. New York: UNDP, London: ODI. <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7479.pdf>

30. See for example the case of South Africa: Adaptation Fund, (2015) *Taking adaptation to the ground: A small Grants Facility for enabling local-level responses to climate change*. Retrieved from: <https://www.adaptation-fund.org/project/taking-adaptation-to-the-ground-a-small-grants-facility-for-enabling-local-level-responses-to-climate-change/> See also the case of Costa Rica: Adaptation Fund, (2015) *Reducing the Vulnerability by Focusing on Critical Sectors (Agriculture, Water Resources and Coastlines) in order to Reduce the Negative Impacts of Climate Change and Improve the Resilience of these Sectors*. Retrieved from: <https://www.adaptation-fund.org/project/reducing-the-vulnerability-by-focusing-on-critical-sectors-agriculture-water-resources-and-coastlines-in-order-to-reduce-the-negative-impacts-of-climate-change-and-improve-the-resilience-of-these/>

See also the more recent case of Antigua and Barbuda: Adaptation Fund, (2019) *An integrated approach to physical adaptation and community resilience in Antigua and Barbuda's northwest McKinnon's watershed*. Retrieved from: <https://www.adaptation-fund.org/project/integrated-approach-physical-adaptation-community-resilience-antigua-barbudas-northwest-mckinnons-watershed/>

31. Another funding window for EDA will soon open at the AF, in order to further encourage such an approach to climate finance.

32. Green Climate Fund, (2019) *GCF In Brief: Enhanced Direct Access*. Retrieved from: [https://www.greenclimate.fund/sites/default/files/document/gcf-brief-enhancing-direct-access\\_0.pdf](https://www.greenclimate.fund/sites/default/files/document/gcf-brief-enhancing-direct-access_0.pdf)





4th Annual Climate Finance Readiness Seminar for NIEs, Puntarenas Province, Costa Rica, 2017.



The 5th Climate Finance Readiness Seminar, 2018

### 3. Readiness and Capacity Building for Climate Action

The process of creating comprehensive climate change adaptation plans, developing quality project proposals, and becoming accredited with any of the climate Funds is a demanding and at times complex process, particularly in a Direct Access modality. To address such challenges, various environment and climate Funds, as well as a number of development agencies, have been providing countries and their partners with readiness and capacity building support. This chapter discusses the framing and programmatic landscape of readiness and capacity building. The different entities providing such support, including the GEF and GCF, have distinct objectives and delivery mechanisms, as discussed throughout this chapter.

#### 3.1 Framings of Readiness and Capacity Building

Developing countries, including LDCs and SIDS, have varying and sometimes limited capacity for dealing with the many challenges of climate change, including accessing and managing significant climate finance. Indeed, the need for the development of country capacity in the sphere of climate change has long been recognized. UNFCCC Article 6 highlights the need for

training, including the strengthening of national institutions, while Article 9 specifies the establishment of a subsidiary body to provide advice to Parties on responses to climate change as well as “on ways and means of supporting endogenous capacity building in developing countries”.<sup>33</sup> The importance of capacity building was further established in the Kyoto Protocol (Article 10.e)<sup>34</sup>, and then through the adoption of the Marrakech Accords, which include two capacity building frameworks; one for developing countries, and the other for countries with economies in transition. As a practical measure, at COP 17 in 2011, the Durban Forum on Capacity Building was established as an annual event to improve the monitoring of climate change-related capacity building effectiveness.<sup>35</sup> Then at COP 20 in 2014, Parties agreed to conduct an annual Ministerial Dialogue on UNFCCC Article 6.<sup>36</sup>

Building forward, the Paris Agreement reinforces the importance of capacity building through Articles 10 and 11, requiring that developed countries provide support to developing countries for the enhancement of their capacity and ability to take effective climate action.<sup>37</sup> Along with the Paris Agreement, the Paris Committee on Capac-

33. United Nations, (1992) *United Nations Framework Convention on Climate Change (UNFCCC)*. Retrieved from: [https://unfccc.int/files/essential\\_background/background\\_publications\\_htmlpdf/application/pdf/conveng.pdf](https://unfccc.int/files/essential_background/background_publications_htmlpdf/application/pdf/conveng.pdf)

34. United Nations Framework Convention on Climate Change, (1997) *Kyoto Protocol to the United Nations Framework Convention on Climate Change*. Retrieved from: <https://unfccc.int/sites/default/files/resource/docs/cop3/107a01.pdf>

35. United Nations Framework Convention on Climate Change, (2020) *Durban Forum on Capacity building*. Retrieved from: <https://unfccc.int/topics/capacity-building/workstreams/durban-forum-on-capacity-building>

36. ECBI, (2018) *Pocket Guide to Capacity Building*. IIED. Retrieved from: <https://pubs.iied.org/pdfs/G04165.pdf>

37. United Nations, (2016) *Paris Agreement*. Retrieved from: [https://unfccc.int/files/essential\\_background/convention/application/pdf/english\\_paris\\_agreement.pdf](https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf)



ity-Building (PCCB) was established in 2015, to identify capacity gaps and solutions, as well as to foster collaboration between multiple types of actors.<sup>38</sup>

The 2018 IPCC Special Report states that “strengthening the capacities for climate action of national and sub-national authorities, civil society, the private sector, Indigenous Peoples and local communities can support the implementation of ambitious actions implied by limiting global warming to 1.5°C”, and that international cooperation can provide an enabling environment for such capacity building.<sup>39</sup> in line with such thinking, the UNFCCC’s capacity building objectives are to address the needs, conditions and priorities of developing countries in being able to respond to the challenges of climate change in ways that are country-driven, inclusive of stakeholders, involve learning by doing, while building on existing knowledge and activities. Such capacity building is in line with SDG 13 (i.e. take urgent action to combat climate change and its impacts), SDG 17 (i.e. revitalize the global partnership for sustainable development) and others.

As intoned above, a subset of capacity building is dedicated to the improvement of countries’ capacities to plan for, access, and deliver climate finance specifically, as well

as monitor and report on expenditures.<sup>40</sup> Efforts to improve such capacity are simply referred to as “readiness”. Article 9 of the Paris Agreement discusses readiness, specifying that institutions serving the Agreement as well as climate Funds (i.e. GEF, GCF, AF) “shall aim to ensure efficient access to financial resources through simplified approval procedures and enhanced readiness support for developing country Parties, in particular for the LDCs and SIDS, in the context of their national climate strategies and plans.”<sup>41</sup>

Countries always have the option of drawing on the support and services of MIEs or Regional Implementing Entities (RIEs) to secure and manage climate finance generally. However, to secure project/ programme funding through the Direct Access modality from the climate Funds, Direct Access entities must first become accredited, which poses a number of sometimes major challenges for countries with lower institutional capacities and fewer resources (as in the case of LDCs and SIDS). Indeed, experience from the AF has shown that, “[many NIEs in these countries] require sustained support to navigate and fully benefit from the accreditation process.”<sup>42</sup> To level the chances of benefitting from Direct Access, readiness and capacity building programmes have been created. Thus, countries have been able to take advantage

38. United Nations Framework Convention on Climate Change, (2019) *Paris Committee on Capacity Building*. Retrieved from: <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/paris-committee-on-capacity-building>

39. Intergovernmental Panel on Climate Change, (2018) *Summary for Policymakers. In: Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty*. Retrieved from: [https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15\\_SPM\\_version\\_report\\_LR.pdf](https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15_SPM_version_report_LR.pdf)

40. Green Climate Fund, (s.d.) *What is Climate Finance Readiness*. Retrieved from: <https://www.gcfreadinessprogramme.org/what-climate-finance-readiness>

41. United Nations, (2016) Paris Agreement.

42. Adaptation Fund, (2015) *Evaluation of the Fund (Stage 1)*. Retrieved from: [https://www.adaptation-fund.org/wp-content/uploads/2015/09/AFB\\_EFC\\_17.3-Evaluation-of-the-Fund-stage-I1.pdf](https://www.adaptation-fund.org/wp-content/uploads/2015/09/AFB_EFC_17.3-Evaluation-of-the-Fund-stage-I1.pdf)



of the readiness and capacity building programmes under the different climate Funds and apply for available support to increase their ability to meet the accreditation criteria and access resources of the Funds through their Direct Access modalities. The AF and the GCF, in particular, have been key actors in providing such readiness and capacity building support to developing countries, notably in support of Direct Access. Indeed, the principles behind such readiness and capacity building are coherent with those tied to support for international climate finance access, particularly with regards to developing recipient country institutional strengths, competencies, leadership, ownership, and accountability. Ultimately, their goal is to enhance the ability of countries to programme and secure additional climate funding with benefits for the most vulnerable at regional, national, and local levels.

## 3.2 Readiness and Capacity Building at the GEF

At the GEF, capacity building is considered a key project theme. It is frequently embedded in project design, and many projects include one such aspect as a distinct objective.<sup>43</sup> While the GEF does not use the terminology of readiness, it recently has had the following three

capacity building programmes funded through the GEF Trust Fund: Country Support Programme (CSP); Cross-Cutting Capacity Development Programme (CCCD); and Small Grants Programme (SGP).<sup>44 45</sup> Through these programmes, the GEF has supported the integration of environmental sustainability across key development sectors and with various stakeholders.

The CSP provides flexible support in order to strengthen the capacity of GEF recipient countries to fully participate in the GEF partnership, particularly to better access, plan for, and use GEF resources.<sup>46</sup> The Programme strengthens in-country focal points in terms of their understanding of the GEF's functioning and promotes dialogue among different stakeholder groups, engaging over 1,500 participants each year.<sup>47</sup> The CSP also supports National Dialogues. One of the main objectives of these dialogues is to conduct discussions, with a broad range of stakeholders, on how best to use the resources available to a country through the GEF, including the identification of specific project ideas.<sup>48</sup>

With the CCCD, the GEF aimed to address capacity gaps of recipient countries through the identification of "transversal issues of capacity development that

43. Subsidiary Body for Implementation of the UNFCCC, (2019) *Capacity-building work of bodies established under the Convention and its Kyoto Protocol – Compilation and synthesis report by the secretariat*. Retrieved from: <https://unfccc.int/documents/194427>

44. Global Environment Facility (s.d.) *Our Work*. Retrieved from: <https://www.thegef.org/our-work>

The GEF Small Grants Programme, (2012) *Welcome to The GEF Small Grants Programme*. Retrieved from: <https://sgp.undp.org/>

45. The Review of the GEF Policy on Agency Minimum Standards on Environmental and Social Safeguards 2017 notably recommended that the GEF support capacity development, however as of May 2019, a comprehensive plan in this regard had not yet been developed.

Global Environment Facility, (2019) *Annual Performance Report 2019*. Retrieved from: [https://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.ME\\_C56\\_Inf.01\\_Annual\\_Performance\\_Report\\_May\\_2019\\_0.pdf](https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.ME_C56_Inf.01_Annual_Performance_Report_May_2019_0.pdf)

46. Global Environment Facility, (2018) *GEF-7 Replenishment Programming Directions*. Retrieved from: [https://www.thegef.org/sites/default/files/publications/GEF-7%20Programming%20Directions%20-%20GEF\\_R.7\\_19.pdf](https://www.thegef.org/sites/default/files/publications/GEF-7%20Programming%20Directions%20-%20GEF_R.7_19.pdf)

47. Global Environment Facility, (2018) *Country Support Programmes, Implementation Arrangements for GEF-7*. Retrieved from: [https://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.C.54.04.Rev.\\_01\\_CSP.pdf](https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54.04.Rev._01_CSP.pdf)

48. Idem.

traditional single focal area projects do not address”.<sup>49</sup> For this purpose, the CCCD provided support to countries to improve their data management systems, strengthen consultative and management structures, and pilot innovative and financial tools. The CCCD was terminated with the end of GEF-6, in June 2018. The SGP is another programme through which the GEF provides capacity building to communities and CSOs, in the form of financial and technical support. The purpose of this modest funding is to assist recipients in “[meeting] the overall objective of global environmental benefits secured through community-based initiatives and actions.”<sup>50</sup> The SGP was launched in 1992 and has so far provided assistance to 125 countries.

Other Trust Funds under the GEF include the Capacity-Building Initiative for Transparency (CBIT), which is exclusively targeted at transparency enhancement. Its objectives are to provide institutional strengthening for transparency-related activities in line with national priorities, to assist countries in meeting enhanced transparency requirements from the Paris Agreement, and to

support the improvement of transparency over time.<sup>51</sup> CBIT projects build on existing transparency arrangements and country efforts to develop update reports, assessment, and review processes.

The Least Developed Countries Fund (LDCF) is another Trust Fund managed by the GEF, which finances LDCs in developing and implementing country-driven strategies for meeting their more immediate (i.e. National Adaptation Programs of Action [NAPAs]) and also medium and long-term adaptation needs (i.e. National Adaptation Plans [NAPs]). By September 2019, the LDCF had supported 282 projects, with approximately \$1.3 billion in grant resources, directly reducing the vulnerability of what is estimated to be more than 21 million people.<sup>52</sup> The funds were dedicated to the formulation and implementation of NAPAs in 51 LDCs, as well as the formulation of NAPs.<sup>53</sup> Finally, another Trust Fund also managed by the GEF<sup>54</sup>, the Special Climate Change Fund (SCCF) provides adaptation support while enabling technology transfer, without specifically providing readiness or capacity building support.<sup>55</sup>

49. Global Environment Facility, (2016) *GEF Policy and Partnerships Detailed Terms of Reference: Consultancy Cross Cutting Capacity Development (CCCD) Study*. Retrieved from: [https://thegef.org/sites/default/files/file\\_attach/CCCD%20study%20TORS%20Final%20Aug.pdf](https://thegef.org/sites/default/files/file_attach/CCCD%20study%20TORS%20Final%20Aug.pdf)

50. Global Environment Facility, (2020) *GEF Small Grants Programme*. Retrieved from: <https://www.thegef.org/topics/gefsgp>

51. Global Environment Facility, (2016) *Establishment of a New Trust Fund for the Capacity-Building Initiative for Transparency*. Retrieved from: [https://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.C.50.05\\_CBIT\\_TF\\_Establishment\\_0\\_0.pdf](https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.50.05_CBIT_TF_Establishment_0_0.pdf); See also Global Environment Facility, (2018) *GEF-7 Replenishment Programming Directions*, pp.41. Retrieved from: [https://www.thegef.org/sites/default/files/publications/GEF-7%20Programming%20Directions%20-%20GEF\\_R.7\\_19.pdf](https://www.thegef.org/sites/default/files/publications/GEF-7%20Programming%20Directions%20-%20GEF_R.7_19.pdf)

52. Global Environment Facility, (2019) *Governments commit to shared climate action through Least Developed Countries Fund*. Retrieved from: <https://www.thegef.org/news/governments-commit-shared-climate-action-through-least-developed-countries-fund>

53. Global Environment Facility, (2020) *Least Developed Countries Fund*. Retrieved from: <https://www.thegef.org/topics/least-developed-countries-fund-ldcf>

54. For the strategy of both the LDCF and the SCCF, see: Global Environment Facility, (2018) *GEF Programming Strategy on Adaptation to Climate Change for the Least Developed Countries Fund and the Special Climate Change Fund and Operational Improvements July 2018 to June 2022*, pp.22 and 27. Retrieved from: [https://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.LDCF.\\_SCCF\\_24.03\\_Programming\\_Strategy\\_and\\_Operational\\_Policy\\_2.pdf](https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.LDCF._SCCF_24.03_Programming_Strategy_and_Operational_Policy_2.pdf)

55. Global Environment Facility, (2020) *Special Climate Change Fund*. Retrieved from: <https://www.thegef.org/topics/special-climate-change-fund-sccf>

### 3.3 Readiness and Preparatory Support Programme of the Green Climate Fund

The GCF's Readiness and Preparatory Support Programme (RPSP) was created with the objectives of enhancing country ownership and helping countries access GCF resources.<sup>56</sup> For these purposes, it offers "resources for strengthening institutional capacities, governance mechanisms, and planning and programming frameworks to identify a transformational long-term climate action agenda for developing countries."<sup>57</sup> It also aims to facilitate increased investment of the private sector in climate relevant areas.<sup>58</sup>

The RPSP was launched in 2014, shortly after the GCF officially opened its doors in Songdo, Republic of Korea. Since then, the GCF Board has reorganized the RPSP to provide support for multiple activities structured under five broad areas. The areas are the following:

- **Capacity building for climate finance co-ordination**, which includes the strengthening of NDAs and Direct Access entities on their way towards accreditation, enhancing coordination mechanisms, developing mechanisms to engage with the GCF and comply with its policies, and assisting various types of stakeholders to help them engage in the programming process;
- **Strategic frameworks for low-emission investment**, referring to the development,

streamlining, enhancement and implementation of programmes, strategies and action plans, as well as efforts to improve the enabling environment for climate finance and climate technology innovation;

- **Strengthened adaptation planning, particularly the development of adaptation plans**, the design of stakeholder engagement processes, the catalyzation of private sector engagement in adaptation finance, and the production of reliable evidence on adaptation barriers, investments, and effectiveness;
- **Paradigm-shifting pipeline development**, which includes developing concept notes, pipeline metrics and indicators, as well as costed action plans for priority documents, developing methods to scale up successful models and to address risks related to scaling up, and applying GCF investment criteria against projects and programmes developed for investment under other climate Funds, to gauge their suitability for consideration by the GCF; and
- **Knowledge sharing and learning**, specifically the organization of peer-to-peer and South-South learning exchanges, the extraction and application of best practices from other countries, and the preparation and dissemination of tailored knowledge products.<sup>59</sup>

Any kind of organization in any country can apply for RPSP resources, as long as it is nominated by the NDA, and if it is not an accredited entity, that it passes a Financial

56. As stated in the GCF's Governing Instrument (paragraph 40), "The Fund will provide resources for readiness and preparatory activities and technical assistance, such as the preparation or strengthening of low-emission development strategies or plans, NAMAs [Nationally Appropriate Mitigation Actions], NAPs, NAPAs and for in-country institutional strengthening, including the strengthening of capacities for country coordination and to meet fiduciary principles and standards and environmental and social safeguards, in order to enable countries to directly access the Fund." See: Green Climate Fund, (2011) *Governing Instrument*. Retrieved from: <https://www.greenclimate.fund/sites/default/files/document/governing-instrument.pdf>

57. Green Climate Fund, (2020) *Readiness and Preparatory Support Guidebook*. Retrieved from: <https://www.greenclimate.fund/sites/default/files/document/readiness-guidebook.pdf>

58. Green Climate Fund, (s.d.) *GCF Readiness Support Program – Mission*. Retrieved from: <https://www.gcfreadinessprogramme.org/mission>

59. Green Climate Fund, (2020) *Readiness and Preparatory Support Guidebook*.



Adaptation Fund's Regional Climate Finance Readiness Workshop for the Middle East and North Africa (MENA) Rabat, Morocco

Management Capacity Assessment (FMCA). The RPSP offers grants and technical assistance in two main forms. Firstly, the RPSP may provide up to US\$1 million per year, for a maximum of three years, per country to support the strengthening of NDAs, accreditation of NIEs and RIEs, country programming, project pipeline development, and information sharing.<sup>60</sup> Of this amount, up to US\$300K may be dedicated to strengthening NDAs specifically to help the country access GCF resources. Secondly, the RPSP offers up to US\$3 million per country to assist with the formulation of NAPs and other adaptation planning processes.<sup>61</sup>

The RPSP also offers support for institutions to upgrade accreditation, which can act as an incentive for an entity to continue strength-

ening its capacities. Additionally, the GCF Board has dedicated US\$200 million to an EDA pilot programme running from 2015 to 2020, which includes additional modalities to strengthen countries' decision-making authority over climate finance, and enhance multi-stakeholder engagement. While the pilot itself is not part of the RPSP, GCF Readiness Programme support can be used by DAEs to respond to the EDA pilot.<sup>62</sup> Finally, though separate from the RPSP, the GCF has a Project Preparation Facility (PPF) that offers funding to support Direct Access accredited entities in preparing proposals for the Fund, at up to US\$1.5 million per request.<sup>63</sup>

Following the February 2019 GCF Board Decision B.22/08, the total amount allocated

60. Decision B.22/11 includes the Board's authorization for the Secretariat to consider "multiple-year strategic Readiness implementation requests", allowing NDAs to submit a single Readiness proposal over three years and US\$3 million. Green Climate Fund, (2019) *Decisions of the Board- Twenty-second Meeting of the board, 25-28 February 2019*. Retrieved from: <https://www.greenclimate.fund/sites/default/files/document/gcf-b22-24.pdf>

61. Green Climate Fund, (2020) *Readiness and Preparatory Support Guidebook*.

62. Green Climate Fund, (s.d.) *GCF In Brief: Enhanced Direct Access*.

63. Green Climate Fund, (2019) *Project Preparation Facility Guidelines*. Retrieved from: <https://www.greenclimate.fund/sites/default/files/document/guidelines-project-preparation-facility-guidelines.pdf>



to the RPSP increased from US\$190 million to US\$312.5 million.<sup>64</sup> At latest count, the Programme had approved a total of US\$249.4 million through 370 readiness requests from 136 countries.<sup>65</sup> Of those countries, 61% were vulnerable countries, namely SIDS, LDCs and African States, and they received about 59% of RPSP funding.<sup>66</sup> This is in line with the GCF's aim to dedicate at least 50% of RPSP funding to vulnerable countries.<sup>68</sup>

### 3.3.1 Insights from the RPSP

Over the years, the GCF's Board and the COP have pointed out gaps in the Fund's readiness efforts, gaps which the GCF Secretariat has addressed in different ways.<sup>69</sup> For instance, in Decision 7/CP.20, the COP emphasized the need to provide readiness support to national and regional entities eligible for fast-track accreditation. The GCF then provided in-kind accreditation support in the form of technical assistance to 212 entities in 93 countries, including 36 Direct Access entities: of those 212 entities, 17 submitted applications for accreditation (as of July 2019). Nevertheless, accredited entities overall have quite limited understanding of the ins and outs of fast-track accreditation, particularly in terms of eligibility, size of funding, types of funding mechanisms, and particular policy requirements for each Fund. These specificities – and the

awareness of their existence among accredited entities – have led to delays, rendering the fast-track accreditation process arguably less efficient and cost-effective than it was intended to be.

The GCF also designed a more user-friendly version of the online GCF accreditation self-assessment tool, which is publicly available and multilingual, in order to provide stakeholders with insights into the accreditation requirements of the GCF, in an effort to ultimately reduce the time taken for accreditation reviews.<sup>70</sup> According to the GCF and other stakeholders, the tool improves knowledge on the accreditation process, helps organizations decide at an early stage whether they meet accreditation requirements, and provides an outline of specific steps that need to be undertaken.<sup>71</sup> It also provides the GCF with feedback on the areas for which entities require specific support. As of September 2019, almost 1,100 users had completed the assessment.

The GCF developed an RPSP Guidebook, which was updated in March 2020, in order to help entities better understand the Programme's functioning.<sup>72</sup> However, the use of standardized guidelines rather than country specific guidance under the Programme was criticized at the GCF's 22nd Board Meeting (February 2019), on the premise

64. Green Climate Fund, (2019) *Readiness and Preparatory Support Programme: Strategy for 2019-2021 and Work Programme 2019*. Retrieved from: <https://www.greenclimate.fund/sites/default/files/document/gcf-b22-08.pdf>

65. Green Climate Fund, (2020) *Country readiness*. Retrieved from: <https://www.greenclimate.fund/readiness>

66. United Nations, (2019) *Report of the Green Climate Fund to the Conference of the Parties*. Retrieved from: <https://undocs.org/FCCC/CP/2019/3>

67. Green Climate Fund, (2020) *Status of the GCF portfolio: approved projects and fulfilment of conditions*. Retrieved from: <https://www.greenclimate.fund/sites/default/files/document/gcf-b25-inf06.pdf>

68. Idem.

69. United Nations, (2019) *Report of the Green Climate Fund to the Conference of the Parties*

70. Green Climate Fund, (s.d.) *Accreditation self-assessment*. Retrieved from: <https://www.greenclimate.fund/accreditation/self-assessment>

71. Idem.

72. Green Climate Fund, (2020) *Readiness and Preparatory Support Guidebook*.

that the RPSP aims to better respond to countries' specific needs.<sup>73</sup> This points to the merits and challenges of striking a balance between standardized programming and country specific tailoring.

The access to project resources of the GCF by Direct Access entities was for a time quite limited (GCF Board Decisions B.13/20, B.13/21, and B.14/07), as demonstrated by the relatively low amount of Direct Access proposals in the pipeline by 2016 (COP Decision 10/CP.22). To address this issue, the GCF Secretariat started working with accredited entities to update or develop entity work programmes and thus define the range of readiness needs, focus areas, a vision of engagement with the GCF, and also a potential pipeline with it. As of July 2019, the GCF had received 59 entity work programmes.

The GCF Secretariat has organized workshops, expos, and direct support to Direct Access entities to strengthen their capacity and that of NDAs on adaptation planning, frameworks and methodologies in order for countries to develop high-quality adaptation projects. Additionally, the PPF has supported project and programme preparation requests from accredited entities, especially Direct Access entities, with a view to enhancing the balance of the project pipeline. This led to 23 PPF applications being approved by July 2019, out of which 16 were from Direct Access entities. Following a request by the COP that

the Financial Mechanism better integrate gender considerations in all aspects of its work (Decision 21/CP.22), the RPSP started providing resources to NDAs for specific gender-related activities, such as participatory planning and inclusive strategies, as well as gender-sensitive stakeholder consultation and analyses.

On a final note, experience from the RPSP indicates that flexibility in type, amount and sequencing of readiness support can be both beneficial and challenging. The RPSP is structured to allow provision of multiple types of support to address any number of issues, and this in no predetermined order. Thus, Direct Access entities can request readiness support of all kinds, from the most basic to the most elaborate, in any given order as per their preference. While advancing the principle of country ownership, in practice, this has had mixed effect, particularly where the sequencing of support has been relatively uncoordinated. Early on, measuring impact in a coherent and all-encompassing manner proved to be a challenge for the RPSP. The broad diversity of readiness funding available has rendered the compilation of results in an all-encompassing framework complex. Adding to this complexity, the RPSP has modified its results framework over time, heightening the challenges of data reconciliation. Finally, while the RPSP provides large and multifaceted support, it has reportedly been administratively difficult to access by some LDC entities.<sup>74</sup>

73. Green Climate Fund, (2019) *Decisions of the Board- Twenty-second Meeting of the board, 25-28 February 2019*.

74. See the Independent Evaluation of the GCF's Readiness and Preparatory Support Programme. Green Climate Fund, (2018) *Independent Evaluation of the Green Climate Fund's Readiness and Preparatory Support Programme*. Retrieved from: <https://ieugreenclimate.fund/evaluations/rpsp>



Adaptation Fund Board Secretariat visiting the Kenya project during the climate finance readiness workshop in Nairobi, Kenya, 2018.

### 3.4 Readiness and Capacity Building at the Climate Investment Funds and Elsewhere

A number of other organizations have provided readiness and capacity building support, including the Climate Technology Centre and Network (CTCN), GIZ, the Pacific Islands Forum Secretariat, the United Nations Convention to Combat Desertification (UNCCD) Secretariat, the UN Environment Programme (UNEP), etc. Of particular interest is the evolving trajectory of the readiness and capacity building support offered through the Climate Investment Funds (CIF).

In 2012, as part of emerging reflections on the growing area of readiness and capacity building support, and in the midst of role shifting following the establishment of the GCF<sup>75</sup>, it was suggested that the CIF develop a new programme for Strengthening Climate Investment Readiness. Such a programme was envisaged as an umbrella of funding for agreed readiness and capacity building

activities.<sup>76</sup> While it did not materialize as planned, readiness and capacity building support have been delivered through projects supported by various CIF Funds.

For example, the Forest Investment Program (FIP) aims to empower countries to address the drivers of deforestation and forest degradation. Its capacity building support consists in providing “technical assistance, employment opportunities, training, and equipment” amounting to 19% of the FIP’s budget in 2019.<sup>77</sup> The Pilot Program for Climate Resilience (PPCR) is also active on the matter of capacity building, as it supports countries to mainstream adaptation and climate resilience in development planning, to improve their use of climate data for planning and decision-making, etc. At latest count, the PPCR supported the integration of climate change in 426 development plans, the development of 539 knowledge products and systems, and the training of close to 135,000 stakeholders on climate change resilience.<sup>78</sup>

75. Overseas Development Institute, (2012) *Climate Finance: Readiness and Strengthening Institutions*. Retrieved from: <https://www.odi.org/sites/odi.org.uk/files/odi-assets/events-documents/4947.pdf>

76. Climate Investment Fund, (2012) *Concept Note: CIF Program for Strengthening Climate Investment Readiness*. Retrieved from : [https://www.climateinvestmentfunds.org/sites/cif\\_enc/files/meeting-documents/joint\\_ctf\\_scf\\_crp.1\\_cif\\_readiness\\_preparedness\\_proposal\\_0.pdf](https://www.climateinvestmentfunds.org/sites/cif_enc/files/meeting-documents/joint_ctf_scf_crp.1_cif_readiness_preparedness_proposal_0.pdf)

77. Climate Investment Fund, (2019) *CIF Annual Report 2019*. Retrieved from: [https://www.climateinvestmentfunds.org/sites/cif\\_enc/files/knowledge-documents/cif\\_annual\\_report\\_2019\\_3.pdf](https://www.climateinvestmentfunds.org/sites/cif_enc/files/knowledge-documents/cif_annual_report_2019_3.pdf)

78. Climate Investment Fund, (2018) *PPCR Results*. Retrieved from: <https://www.climateinvestmentfunds.org/results/ppcr-results>



The Forest Carbon Partnership Facility (FCPF) stands out in that it has both a Fund dedicated to readiness and a programme specifically on capacity building. The Readiness Fund was launched in 2008 with the express objective of supporting countries in setting up the building blocks to implement REDD+ (reducing emissions from deforestation and forest degradation, fostering conservation, sustainable management of forests, and enhancement of forest carbon stocks). The Fund supports the design of national REDD+ strategies, the development of measurement frameworks and tools, and the conception of REDD+ management arrangements. Its current funding stands at US\$400 million,

which has been allocated or disbursed in 47 countries.<sup>79</sup> A second Fund, the Carbon Fund, then offers payments for demonstrated performance.

The FCPF Capacity Building Program was also launched in 2008. At US\$15 million, it is much smaller in size. The Capacity Building Program's objective is to provide forest-dependent Indigenous Peoples, other forest dwellers, and southern CSOs with information about REDD+ in order for them to partake in the implementation of readiness activities. The Capacity Building Program has reached more than 70,000 people in 31 countries, 45% of which are women.<sup>80</sup>

79. Forest Carbon Partnership Facility (2018) *Readiness Fund*. Retrieved from: <https://www.forestcarbonpartnership.org/readiness-fund>

80. Forest Carbon Partnership Facility, (2019) *Forest Carbon Partnership Facility 2019 Annual Report*. Retrieved from: [https://www.forestcarbonpartnership.org/system/files/documents/FCPF\\_Annual%20Report\\_2019.pdf](https://www.forestcarbonpartnership.org/system/files/documents/FCPF_Annual%20Report_2019.pdf)

## 4. Adaptation Fund's Readiness Programme for Climate Finance

This chapter examines the Adaptation Fund's Readiness Programme for Climate Finance in detail, historically, and as it is situated within the AF's Medium-Term Strategy 2018-2022. The Programme's focal areas are discussed, as well the different types of financial and non-financial support provided to IEs.

### 4.1 Overview of the Readiness Programme for Climate Finance

The AF was established in 2001 at COP7 to the UNFCCC in Marrakech, Morocco, and became operational in 2008. The first IEs were accredited in March 2010, and were the Centre de Suivi Écologique (CSE) of Senegal, the World Bank – International Bank for Reconstruction and Development (IBRD), and the United Nations Development Programme (UNDP). At that time, and in the midst of reflections regarding the AF's mandate, the Fund progressively started providing ad hoc readiness and capacity building support at workshops organized by UNFCCC. The AFB provided the AFB Secretariat with a modest budget to hold workshops and seminars on the application process in the different regions. The AFB also decided that it should invite bilateral and multilateral agencies to help developing countries in building the capacity of NIEs. It then took a number of years before the AF

was committed to providing coherent and systematic readiness and capacity building support.

Cognizant of the apparent global and multi-faceted shortcomings in adaptation finance, the AF's Readiness Programme was conceived and developed to provide systematic readiness support for Direct Access to climate finance, responding to capacity constraints in evidence to effective planning and implementation of adaptation action. Thus, at the twenty-first meeting of the AFB, held in July 2013, it was decided through Decision B.21/28 that the Fund's Readiness Programme would have a two-fold objective.<sup>81</sup> First, it would increase the preparedness of applicant NIEs seeking accreditation by AF. Second, it would increase the number of high-quality proposals for projects or programmes submitted to the AFB after accreditation. Overall, the Programme would provide support for Direct Access along the project cycle.<sup>82</sup>

The Fund's Readiness Programme was formally established through Decision B.22/24 at the twenty-second meeting of the AFB in October-November 2013<sup>83</sup>, with approval of the Programme's execution arrangements by the AFB<sup>84</sup> in March 2014.

81. Adaptation Fund, (2013) *Report of the Twenty-first meeting of AFB*. Retrieved from: <https://www.adaptation-fund.org/document/report-of-the-twenty-first-meeting-of-afb-july-1-4-2013/>

82. Adaptation Fund, (2014) *Readiness Programme for Climate Finance – an Adaptation Fund initiative*.

83. Adaptation Fund, (2013) *Report of the Twenty-second meeting of AFB*. Retrieved from: <https://www.adaptation-fund.org/document/report-of-the-twenty-second-meeting-of-afb-29-oct-1-nov-2013/>

It was officially launched in May 2014 at a workshop held at the AFB Secretariat's office in Washington, DC. The Programme has since provided necessary capacity building to NIEs (and for a short while also to RIEs) to enable greater access to adaptation finance and to enhance the programming of adaptation finance in developing countries for communities that are most vulnerable to the adverse effects of climate change. Such readiness and capacity building support have been understood as crucial by the global community.

According to a 2015 evaluation of the AF, the Readiness Programme had already by then provided valuable support, both directly and indirectly, for some of the world's most vulnerable countries to effectively receive and manage adaptation finance through a Direct Access modality.<sup>85</sup> The successes and milestones achieved in Phase I of the Readiness Programme were presented to the AFB at its twenty-fifth meeting<sup>86</sup>, with Phase II of the Programme being proposed by the AFB Secretariat. The AFB approved Phase II, through Decision B.25/27, so that benefits to IEs and gains of Phase I could be increased and expanded.<sup>87</sup>

The Readiness Programme was institutionalized and made a permanent feature of the Fund by the AFB at its twenty-seventh meeting

in 2016.<sup>88</sup> Through Decision B.27/38, the AFB took note of the progress report for Phase II of the Readiness Programme and integrated the Readiness Programme into the AF workplan and budget. Such integration has persisted and been further developed over subsequent years, with respect to the Fund's operations, policies and guidelines, strategies, workplan and budget, as per Decision B.29/42.<sup>89</sup>

For instance, at the twenty-eighth meeting of the AFB, it was decided that the AFB Secretariat would review readiness grant proposals annually, during an intersessional period of less than 24 weeks between two consecutive AFB meetings, though proposals could be submitted to regular meetings of the AFB. It was also decided that the Project and Programme Review Committee (PPRC) would provide technical review of Readiness grant proposals as prepared by the AFB Secretariat and to make intersessional recommendations to the AFB.<sup>90</sup>

With Decision B.29/29 in 2017, the AFB expanded the Readiness Programme to include Project Formulation Assistance (PFA) grants of up to US\$20K.<sup>91</sup> Mindful of the reporting burden associated with climate funding management, the AFB Secretariat moved to instate simplified reporting requirement for projects implemented

84. Adaptation Fund, (2014) *Decisions of the Twenty-Third Meeting of the Adaptation Fund Board*. Retrieved from: <http://www.adaptation-fund.org/wp-content/uploads/2015/01/Decisions%20AFB%2023%20rev.1%20Final.pdf>

85. For early insights, see *2015 evaluation of the AF*, Tango International & ODI, 2015, 12.

86. Adaptation Fund, (2015) *Report of the Twenty-fifth meeting of AFB*. Retrieved from: <https://www.adaptation-fund.org/document/report-of-the-twenty-fifth-meeting-of-the-adaptation-fund-board/>

87. Adaptation Fund, (2016) *Readiness Programme: Phase II Progress Report and Proposal for FY17* (<https://www.adaptation-fund.org/wp-content/uploads/2016/03/AFB.B.27.7-Readiness-programme-progress-report-and-proposal-for-FY171.pdf>)

88. Adaptation Fund, (2016) *Report of the Twenty-seventh meeting of AFB*. Retrieved from: <https://www.adaptation-fund.org/document/report-of-the-twenty-seventh-meeting-of-the-afb-15-18-march-2016/>

89. Adaptation Fund, (2017) *Report of the Twenty-ninth meeting of AFB*. Retrieved from: <https://www.adaptation-fund.org/wp-content/uploads/2017/06/AFB-B-29-report-final-approved.pdf>

90. Adaptation Fund, (2016) *Report of the Twenty-eighth meeting of AFB*. Retrieved from: [https://www.adaptation-fund.org/wp-content/uploads/2016/12/AFB-B-28-report\\_final\\_approved-1.pdf](https://www.adaptation-fund.org/wp-content/uploads/2016/12/AFB-B-28-report_final_approved-1.pdf)

91. Adaptation Fund, (2017) *Report of the Twenty-ninth meeting of AFB*.



through Readiness grants. That same year, with Decision B.30/45, an amended results framework was approved for the Readiness Programme (as per document AFB/B.20/8). In 2018, the AFB decided (Decision B.32/2) that the AFB Secretariat should “increase communication with eligible entities, especially RIEs, to make them aware of the opportunities for funding the formulation of regional project/ programme proposals...”, and using all channels including the Readiness Programme to do so. This reflected the priority of increasing the number of proposals for regional projects and programmes.

Following adoption of the Fund’s MTS by the AFB and adoption of the Strategy’s Implementation Plan in 2018, the year 2019 was a particularly dynamic one for the Fund’s Readiness Programme. Activities included a workshop, a seminar, two webinars, a country exchange with Chile, a side event at Subsidiary Body (SB) 50, and the first independent meeting of the Community of Practice for Direct Access Entities (CPDAEs). The Programme’s scope now also included new activities identified in the MTS Implementation Plan, notably project scale-up grants, country exchanges and capacity building support for enhanced Direct Access in addition to regular activities. Finally, in March 2020, the AFB approved a whole series of amended and new legal

agreement templates for Readiness grants (as per Decision B.34-35/23).

## 4.2 Readiness and the Adaptation Fund Medium-Term Strategy

As the culmination of an engaged and participatory process, the AFB approved the AF’s MTS for 2018-2022 as well as an Implementation Plan (see Decision B.31/32). The MTS was intended to enhance and strengthen the Fund’s niche and ability to better serve country Parties to the UNFCCC, particularly those developing countries most vulnerable to climate change, including LDCs and SIDS. The MTS outlines the five-year focus of the Fund based upon the following three pillars/ Strategic Focus (SF) areas: *Action, Innovation and Learning and Sharing*.<sup>92</sup> The MTS has also been pursued along four cross-cutting themes of relevance to readiness and capacity building (and in line with UNFCCC and SDG priorities).<sup>93</sup>

The MTS Implementation Plan<sup>94</sup> identifies specific activities to be implemented under each pillar/SF area, noting that activities identified for implementation under the Readiness Programme were expected to contribute towards the MTS as a whole. The AF’s MTS identified key activities to advance the delivery of readiness and capacity building to developing countries and outlined ways to address important

91. Adaptation Fund, (2018) *Medium Term Strategy 2018-2022*. Retrieved from: <https://www.adaptation-fund.org/wp-content/uploads/2018/03/Medium-Term-Strategy-2018-2022-final-03.01-1.pdf>

92. The four cross-cutting themes are the following: Engaging, empowering, and benefitting the most vulnerable communities and social groups; Advancing gender equality and the empowerment of women and girls; Strengthening long-term institutional and technical capacity for effective adaptation; and Building complementarity and coherence with other climate finance delivery channels.

93. Adaptation Fund, (2018) *Medium Term Strategy 2018-2022*. Retrieved from: <https://www.adaptation-fund.org/wp-content/uploads/2018/03/Medium-Term-Strategy-2018-2022-final-03.01-1.pdf>, p.24.

94. Adaptation Fund, (2018) *Implementation Plan for Medium-Term Strategy*. Retrieved from: [https://www.adaptation-fund.org/wp-content/uploads/2018/03/AFB.B.31.5.Rev\\_1\\_Implementation\\_plan\\_for\\_medium-term\\_strategy.pdf](https://www.adaptation-fund.org/wp-content/uploads/2018/03/AFB.B.31.5.Rev_1_Implementation_plan_for_medium-term_strategy.pdf)

accreditation and project process gaps and challenges. Some highlights of the MTS for readiness and capacity building support are:

- Provision of increased readiness and capacity building throughout the project cycle;
- Creation of funding to support project scale-up, facilitating the process of replication and scale of impact;
- Provision of increased number, quality and usability of guidelines and guidance documents, as well as AF publications, and readiness and capacity building events;
- Provision of an augmented budget to increasing technical support, partnerships, small grants, and sub-project funding to facilitate accreditation, project preparation and project development;
- Enhanced Knowledge Management Framework and Action Plan to improve information sharing both within the AF and collaborative learning across adaptation communities of practice. Indeed, the work plan for Fiscal Year 2020 under the Learning and Sharing pillar/SF area proposed a publication related to the readiness and capacity building activities of the AF to be produced and disseminated during readiness and capacity building events.

### 4.3 Focal Areas and Progress

The AF offers readiness and capacity building support through four key focal areas, as follows:

- Support to countries seeking accreditation;
- Support to accredited IEs;
- Cooperation/ Partnership with other Climate Finance Readiness providers; and

- Knowledge management.

Insights and progress about each are discussed in turn.

#### 4.3.1 Support to Countries Seeking Accreditation

The AF Readiness Programme provides support overall for Direct Access, intent on advancing the use of national systems to access resources and ensure accountability. Providing guidance to entities seeking accreditation,<sup>95</sup> the Readiness Programme offers a framework for accreditation to candidate NIEs. Moving forward, support is provided to candidate NIEs and countries that are in the process of identifying a suitable candidate NIE through small grants, climate finance readiness workshops and events, and making available tools and guidance documents to support countries in navigating the accreditation process. Different case studies have been developed by the Accreditation Panel discussing trends and best practices in accreditation, rooted in actual ongoing and complete accreditation and re-accreditation processes.<sup>96</sup> An e-learning course has also been developed to allow candidate NIEs to gain a better understanding of the accreditation process and the submission of project proposals to the AFB in a self-paced manner. The AFB Secretariat as well as the Accreditation Panel both provide valued accreditation guidance and support.

Since the formal launch of the Readiness Programme, the AF has seen increased interest by developing countries to make use of the Direct Access modality. Early on,

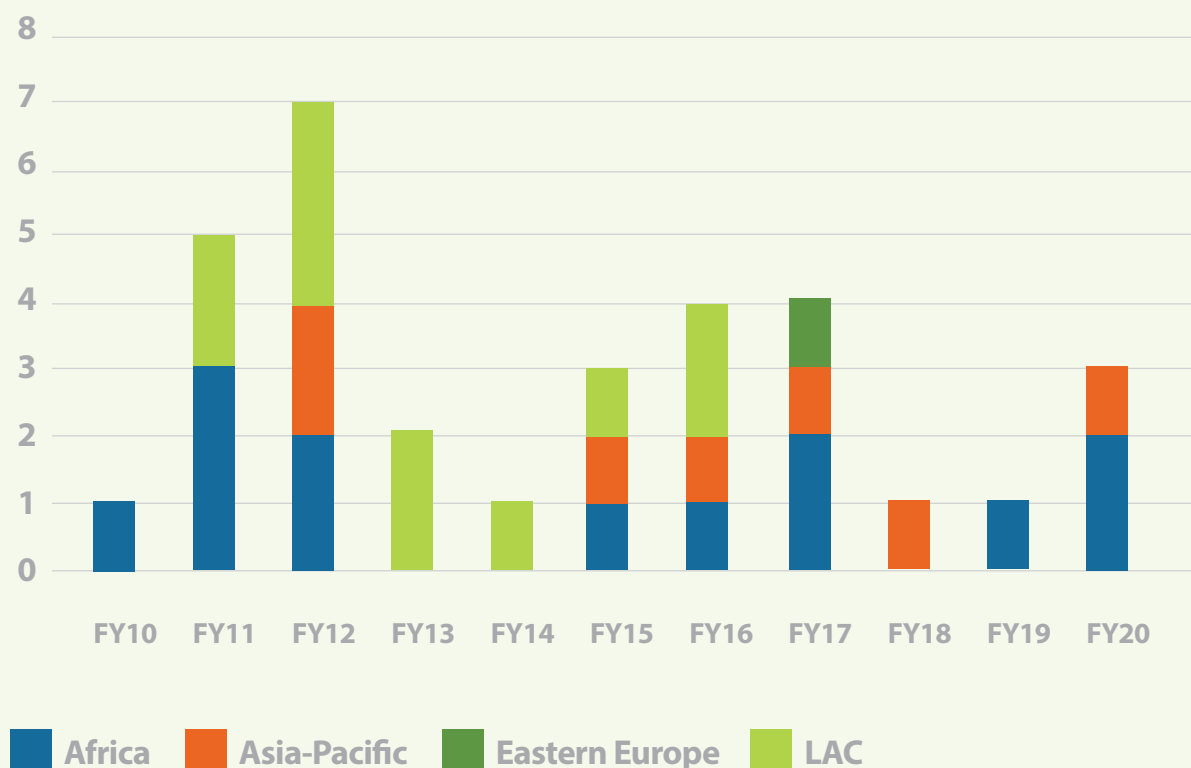
<sup>95</sup> Adaptation Fund, (2016) *Report of the Twenty-eighth meeting of AFB* See para. 91.

<sup>96</sup> Adaptation Fund, (2018) *Bridging the Gaps in Accreditation*. Retrieved from: <https://www.adaptation-fund.org/wp-content/uploads/2019/08/Bridging-the-Gaps-in-Accred-07.24.pdf>

Direct Access under the AF was mainly used by middle-income countries (as of August 2015),<sup>97</sup> but by November 2019, LDCs and SIDS accounted for 48% of accredited NIEs<sup>98</sup>. As of April 2020, there are 32 accredited NIEs; African NIEs make up 41% of all NIEs, 34% are from Latin America and the Caribbean, while 22% are from Asia and 3% (1 country) are from Eastern Europe. Figure 4.1 below depicts the evolution of the number of accredited NIEs per region. African NIEs have been accredited fairly consistently, apart from a few years without accreditations. Asia-Pacific saw a

steady increase in the number of accreditations since FY15, save for FY19. Conversely, no NIE from Latin America and the Caribbean has been accredited since FY16, noting that the region has the second highest number of accredited entities overall. Given that countries may only have one AF accredited NIE, this trend makes sense, reflecting a Programme that offers accreditation related support where it is needed most, and other forms of support (as discussed below) in countries where accreditation is already secured.

**Figure 4.1 Accreditation trends FY10-20 by region**



Source: AF Accreditation Status of IEs as at April 2020

97. Tango International & ODI, (2015) *Independent Evaluation of the Adaptation Fund – First Phase Evaluation Report*, p.28

98. Adaptation Fund, (2019) *Climate Adaptation Finance: Direct Access*.



Programme support has been designed to enable NIEs to enhance their capacity and systems, and thereby become compliant with the accreditation requirements of the AF (e.g. in terms of its environmental, social and gender policies). Accreditation usually takes from one to several years with the AF depending on the candidate NIE's capacity, among other things. According to AF staff, Accreditation Panel members and NIEs themselves, this support has been much appreciated, enabling enhanced capacity and greater compliance with AF requirements. As one explained, "without the readiness activities, I think organizations would be floundering when confronted with the accreditation process. It has been very useful but it is not perfect."

At the Dialogue with Civil Society undertaken on 12 October 2017 in Bonn, Germany, WRI representatives stated that the AF "had a good readiness programme, and had the best record at supporting country ownership through the accreditation of national implementing entities."<sup>99</sup> Consistently, reports from the dialogues with civil society in 2018 and 2019 have conveyed a favorable perspective of civil society actors in different part of the world towards the AF Readiness Programme. Appreciation has been extended about the inclusion of civil society actors in readiness and capacity building site visits and in other activities. Nevertheless, the main message, as expressed by a spokesperson from South Africa, is that "civil society would like to be included in more Readiness Programme

activities, where possible."<sup>100</sup> CSOs certainly stand to benefit from readiness support in developing some of their policies and systems, including procurement.

#### 4.3.2 Support to Accredited IEs

In addition to supporting accreditation, the Readiness Programme provides a plethora of support to already accredited entities. The range of support comprises introductory seminars for newly accredited IEs, facilitated peer-to-peer learning through webinars and workshops, an annual seminar, and the provision of small grants to support project technical design and implementation of AF policies. The Programme also supports cooperation with partners to support project design and implementation.

The Readiness Programme has been a source of on-going support in promoting direct communication between developing countries, as well as between them and the Fund, through the CPDAE. The CPDAE has developed with support from the Readiness Programme. It has been used as a platform by NIEs to share experiences and collaborate with each other in a closed space. The CPDAE has become increasingly formalized, having recently both established a governance structure and started working on an action plan. The CPDAE has been a place of exchange among NIEs and for the AF to share documents, studies, and invitations to events. While it has brought certain entities closer, the CPDAE faces certain challenges. Of note, the diversity of language users presents challenges in

99. Adaptation Fund, (2018) *Report of the Thirtieth meeting of AFB*. Retrieved from: <https://www.adaptation-fund.org/wp-content/uploads/2018/01/AFB30-report-final-1.pdf>; See Annex IV, p.2.

100. Adaptation Fund, (2019) *Report of the Thirty-fourth meeting of AFB*. Retrieved from: [https://www.adaptation-fund.org/wp-content/uploads/2019/11/AFB.B.34.20\\_Report-of-the-34th-meeting-2-English.pdf](https://www.adaptation-fund.org/wp-content/uploads/2019/11/AFB.B.34.20_Report-of-the-34th-meeting-2-English.pdf); See Annex IV, p.57.

communication and engagement between community members, which the CPDAE has tried to mitigate with the formation of linguistic sub-groups. Also, some participants wish to retain the CPDAE's culture of informal exchange even as the community establishes more formal structures and procedures.

Finally, to date, mostly non-financial Readiness Programme resources have been used to support NIEs seeking re-accreditation, which has recently started. Webinars, workshops, annual seminars (especially the one-on-one clinic sessions), as well as engagement with AF staff and Accreditation Panel members have all provided early though valued support.

#### **4.3.3 Cooperation/ Partnership with other Climate Finance Readiness Providers**

AF pursues a partnership approach to respond to evolving country needs, in line with SDG 17, and it leverages partnerships to best implement the Readiness Programme. For this purpose, it has engaged with multiple stakeholders such as Focal Points, CSOs and NGOs, bi-lateral and multilateral organizations, research and development institutions, think tanks, and other Funds such as the GCF, the GEF and the CIF. The AF has also partnered with its own IEs (including NIEs and RIEs) to support readiness, and knowledge transfer on specific topics and themes.

As early as 2014, the AF started hosting workshops in partnership with other orga-

nizations. For instance, in May 2017, the AFB Secretariat organized readiness activities at the margins of the SB for Implementation and the SB for Scientific and Technological Advice meetings in Bonn, Germany with organizations that provide readiness and capacity building support for adaptation, including the CTCN.<sup>101</sup> Such cooperation has been anchored in the shared objective of ensuring better coordination and communication between the different actors working on readiness and capacity building support for adaptation.

The AF Readiness Programme in partnership with the CTCN has continued to facilitate communication between these organizations long afterwards. For example, the AFB Secretariat, the CTCN and the PCCB convened a side event in June 2019 at SB 50 "on enhancing the delivery of readiness and capacity building support and made a submission to the Adaptation Committee of the UNFCCC on capacity gaps in accessing adaptation funding." The three organizations launched a shared bulletin on Readiness and Capacity-Building Support for Adaptation, which has until recently provided comprehensive information on readiness and capacity building programmes worldwide.<sup>102</sup>

Climate Funds have sought to enable cooperation/ partnership among themselves and with other organizations providing readiness and capacity building support. Indeed, in recent years, the AF, GCF and GEF were in discussion, intent on improving their complementarity, synergies and avoiding dupli-

101. Adaptation Fund, (2018) *Report of the Thirtieth meeting of AFB*; See point 17.

102. Adaptation Fund, (2019) *Bulletin Nr. 1: Readiness and Capacity Building Support for Adaptation*. Retrieved from: <https://mailchi.mp/70568fd8f695/bulletin-nr-1?e=c688f6003b>

cation in support.<sup>103</sup> Building on meetings between them in 2016 and 2017, AF and GCF advanced priority discussions in 2018 and further in 2019 about cooperation between their secretariats on readiness and technical assistance.<sup>104</sup> Discussions eventually led to the co-development of the CPDAE, as well as to the invitation of GCF representatives to AF seminars. Perhaps most importantly, GCF and AF now offer fast-track accreditation to IEs accredited by the other Fund (and the GCF also does so for IEs accredited by other Funds). In practice, a certain measure of obscurity prevails over fast-track accreditation, with work remaining to be done for the promise to live up to its name. NIEs would benefit from greater insights and guidance in order to truly benefit from fast-track accreditation, which would also require greater cross-Fund collaboration on related knowledge sharing and learning, involving AFB Secretariat staff.<sup>105</sup>

#### 4.3.4 Knowledge Management

The AF considers knowledge and learning as a key priority as well as an important asset for the organization, as one of three pillars of the AF's Five-Year MTS and one of its core competencies.<sup>106</sup> Knowledge management efforts have followed the AF's elaborate Knowledge Management Strategy, which entails two aspects: knowledge management of recipient countries; and knowledge

management of the AF. In so doing, the AF's Knowledge Management and Readiness teams have worked in complementary ways, with knowledge management providing ongoing and valuable support to a whole range of Readiness Programme offerings.

#### Knowledge Management of Recipient Countries

The Knowledge Management Strategy declares the AF's vision is to "help enhance recipient countries' knowledge to reduce vulnerability and increase adaptive capacity".<sup>107</sup> In accordance with this vision, the Readiness Programme and the Knowledge Management team have collaborated to support recipient countries in carrying out their knowledge management activities. As the two areas of work are connected through the general theme of capacity building, the collaboration between the teams has been both logical and fruitful. This has included supporting IEs in the generation and management of knowledge, for instance to produce studies, knowledge brochures, stories and multimedia contents on funded projects, and in the dissemination of adaptation experiences and lessons learned.<sup>108</sup> In this regard, there is widespread agreement that workshops and seminars have been key moments for sharing readiness and capacity building knowledge and lessons. An NIE highlighted that while IEs usually avoid discussing their difficulties with

103. Adaptation Fund, (2015) *Potential Linkages between the Fund and the Green Climate Fund*. Retrieved from: <https://www.adaptation-fund.org/document/potential-linkages-between-the-fund-and-the-green-climate-fund-2/>

104. See for instance information about a joint session held on 30 August 2018 by AF and GCF. Adaptation Fund and GCF, (2018) *Complementarity and Coherence between the Green Climate Fund & the Adaptation Fund*. Retrieved from: [https://www.adaptation-fund.org/wp-content/uploads/2018/09/AF-GCF-complementarity-session\\_5th-NIE-seminar.pdf](https://www.adaptation-fund.org/wp-content/uploads/2018/09/AF-GCF-complementarity-session_5th-NIE-seminar.pdf)

105. Green Climate Fund and Climate Investment Fund, (2020), *Synergies between climate finance mechanisms*.

106. Adaptation Fund, (2018) *Medium Term Strategy 2018-2022*.

107. Adaptation Fund, (2017) *Knowledge Management Strategy and Action Plan, Annex V*. Retrieved from: <https://www.adaptation-fund.org/wp-content/uploads/2017/09/KM-strategy-action-plan.pdf>

108. Adaptation Fund, (s.d.) *IE Knowledge Products*. Retrieved from: <https://www.adaptation-fund.org/knowledge-learning/knowledge-products/ie-produced-knowledge-products/>



donors, Readiness Programme events have been conducive to experience sharing, thus enabling learning and saving IEs a lot of time.

Other knowledge management activities have included the publishing of country case studies, media outreach, news articles, links to resources, latest research and the documentation of lessons learned on the Climate Finance Ready<sup>109</sup> website (accessible not only to IEs but also to the broader community), as well as e-learning courses in different languages.<sup>110</sup> Such courses, which are free of charge and open to AF IEs as well as the wider adaptation community, are proving to be particularly useful in the context of the COVID-19 pandemic. The AF has produced a strategy and knowledge management toolkit for projects which has been shared at multiple readiness events. In addition, Learning Grants under the MTS of up to US\$150K have been made available to accredited NIEs to encourage a culture of learning across institutions and help them build capacities.<sup>111</sup> These efforts have been commended by participants in the AF's first phase independent evaluation, which recognized the AF's "ability to generate uniquely valuable learning around vulnerability, effective adaptation, access modalities, capacity strengthening and the role of international cooperation in climate finance."<sup>112</sup> Such appreciation remains in evidence to the present day.

Back in 2016, concerns were raised about the extent to which such experience was

reaching all relevant stakeholders and was visible and accessible through the AF's communication and information dissemination ports. This concern has been partly addressed through different initiatives, among them the creation of the Knowledge and Learning microsite, offering AF and IE produced knowledge products along with information related to knowledge events and guidance for learning grants. Efforts to translate documents more systematically have led to increased use of knowledge products, yet certain AF team members reported that while documents may be readily available online, dissemination may still be improved. An AF staff member evoked the possibility that making the outputs available was not enough, that they should rather be discussed, for instance at events, and in so doing contribute yet more effectively to AF readiness support.

For instance, Knowledge Management has supported the delivery of readiness and capacity building through hands-on involvement in the AF's first Country Exchange event, which took place in Chile in May 2019. Twelve AF NIEs attended this Exchange on the theme of water and agriculture, hosted by a Chilean NIE (Agencia de Cooperación Internacional de Chile). During the event, NIEs visited the project, met with stakeholders, and participated in a knowledge fair where every NIE presented certain of its challenges and lessons learned, and had the opportunity to interact with one another on possible ways of incorporating such lessons

109. Adaptation Fund and Climate and Development Knowledge Network, (2019) *Climate Finance Ready*. Retrieved from: <https://climatefinanceready.org/>

110. Climate Finance Ready is a microsite created through a partnership between the AF and Climate and Development Knowledge Network (CDKN) that functions as a repository and platform for news and feature articles about climate finance readiness and capacity building.

111. Adaptation Fund, (s.d.) *Learning Grants*. Retrieved from: <https://www.adaptation-fund.org/knowledge-learning/learning-grants/>

112. Adaptation Fund, (2018) *Medium Term Strategy 2018-2022*.



Adaptation Fund Country Exchange and Project Visit to Chile, May 06-10, 2019

learned in their own projects. Several months after the event, a consultant followed up with participant NIEs to assess which lessons they had incorporated in their work since the Exchange. The results were captured and summarized in a knowledge brochure made available on the AF website and widely disseminated among the NIE community.<sup>113</sup> The global pandemic allowing, this type of event is meant to be held periodically in different regions and on different topics depending on the NIEs' interests and needs. The Country Exchange and its brochure are a good example of knowledge products being drawn from capacity building activities. There is an opportunity for even more such initiatives, not only to build capacity among IEs and to capture knowledge, but also to assist in measuring and sharing the results of AF events.

### **Knowledge Management of the Adaptation Fund**

The AF's Knowledge Management Framework includes two strategic components that relate to knowledge and learning within AF: the first is to equip the Fund with a more supportive infrastructure and system for this, and the second is to promote a knowledge sharing and learning culture within the Fund.<sup>114</sup> In order to achieve these objectives, the AF has a series of mechanisms in which the Readiness Programme plays a part. Examples of knowledge products from the AF that interact with the Readiness Programme (and others) include Performance and Evaluation Reports, grant activity Project Completion Reports, Briefing Notes, workshop and other event evaluation reports and studies.<sup>115</sup> While the AF did not have a centralized, searchable and holistic knowledge base back in 2016,

113. Adaptation Fund Board Secretariat, (2019) *Adaptation Fund Chile Country Exchange*. Retrieved from: [https://www.adaptation-fund.org/wp-content/uploads/2019/10/Adaptation-Fund-Chile-Exchange\\_KM-brochure-1.pdf](https://www.adaptation-fund.org/wp-content/uploads/2019/10/Adaptation-Fund-Chile-Exchange_KM-brochure-1.pdf)

114. Adaptation Fund, (2017) *Knowledge Management Strategy and Action Plan, Annex V*.

115. Adaptation Fund, (s.d.) *IE Knowledge Products*. Retrieved from: <https://www.adaptation-fund.org/knowledge-learning/knowledge-products/af-produced-knowledge-products/>

currently the AF's website, the Climate Finance ready website, the Financial Intermediary Funds platform and the Accreditation Workflow online system are providing a plethora of valued information, including on climate finance readiness.<sup>116</sup>

The Knowledge Management Team has to-date not captured knowledge on the results of the Readiness Programme in a comprehensive manner (having so far focused its capacity on adaptation projects), making a first such effort with this publication. At the time of writing, the Readiness Programme had not as yet undergone an independent evaluation separate from the overall evaluation of the Fund. As the Knowledge Management portfolio grows, the Fund plans to start analyzing the Readiness Programme's end-of-grant reports as well as webinar and seminar reports. It is expected that once such efforts are undertaken, the Knowledge Management Team will further contribute to the strategic positioning of the Readiness Programme.

## 4.4 Types of Financial and Non-Financial Support

### 4.4.1 Readiness Grants

An important instrument employed by the AF Readiness Programme to deliver readiness and capacity building to entities assumes the form of Readiness Grants.

AF grants offered through its Readiness Programme include:

- South-South Cooperation grants to support accreditation (up to US\$50K per country): These grants enable already accredited and eligible NIEs to advance the Direct Access modality of the AF and support the accreditation process of candidate NIEs as well as countries in the process of identifying a suitable candidate NIE. These grants are much valued and a key pillar in promoting the AF's peer-to-peer and "learning by doing" approach. However, a bottleneck exists here in that only a handful of accredited NIEs are eligible to provide South-South Cooperation support.
- Technical Assistance grants for Environmental and Social Policy (ESP) and Gender Policy (up to US\$25K per NIE): These provide support to ensure that NIE ESPs and Gender policies fully align with AF policies.<sup>117</sup>
- Technical Assistance grants for the Gender Policy (up to US\$10K per NIE): These provide assistance for those NIEs requiring only gender policy related support (given their specific accreditation trajectory).<sup>118</sup>
- Project Formulation Assistance (PFA; up to US\$20K per project): These are provided by the AF in addition to Project Formulation Grants (PFGs), enabling support to accredited NIEs for undertaking specific (e.g. technical) assessments during project preparation and design. Until recently, these were the only Readiness grants di-

116. *Adaptation Fund, (2017) Knowledge Management Strategy and Action Plan, Annex V.*

117. It should be noted that the Adaptation Fund originally offered Technical Assistance grants for ESP only. Subsequently, a Gender grant was made available to NIEs to address gender matters, where they had previously only addressed ESP matters. These were expanded to include technical assistance on gender matters, to reflect the Gender Policy of the Adaptation Fund. Finally, the ESP-specific grant was stopped in favour of a more comprehensive grant for screening, addressing, and managing environmental and social safeguard issues in projects, and address gender considerations in the process.

118. *Ibid.*



rectly tied to actual project development. The first of these grants was approved by the AFB in October 2019 and was still being implemented at the time of writing.

- Project Scale-up Grants (up to US\$100K per project/ programme): The most recent form of readiness and capacity building support of the AF, Project Scale-up Grants are designed to provide support for countries to plan and build capacity for scaling-up existing projects.
- Readiness Support Package: Learning from the first two years of providing readiness and capacity building support through the Readiness Programme, the AFB recognized that readiness and capacity building support for accreditation needed to go beyond the guidance of accredited entities provided through the South-South Cooperation grants. It needed to include more targeted technical assistance that could further enhance the capacity of entities to meet the fiduciary standards set by the AFB. In March 2017, the AFB therefore approved a pilot 'Readiness Support Package' to provide targeted and tailored support to address specific gap areas identified by entities seeking accreditation with the AF as requiring further capacity support, and technical assistance beyond that already available through South-South Cooperation.

The Readiness Support Package includes a combination of tools such as grants, guidance documents and other accreditation support materials, technical support through experts and partner organi-

zations, as well as workshops to support the progression of entities that are not yet accredited.<sup>119</sup> It is meant to increase the likelihood that applicant entities seeking accreditation receive support not simply to the point of a complete application submission but also to address any issues, and particularly technical issues, raised by the Accreditation Panel. At the time of writing, the Readiness Support Package was still in its pilot phase with an expected consolidation by early 2021.

Readiness grants come with the expectation that an IE will be able to develop and establish the necessary processes, procedures, policies and/or manuals to adequately screen for environmental and social risks, assess and manage these risks with gender considerations fully taken into account. For grants that support accreditation through South-South Cooperation or peer-to-peer learning, it is expected that a grant should enable an applicant entity to submit a complete application for accreditation to the Accreditation Panel and AFB.

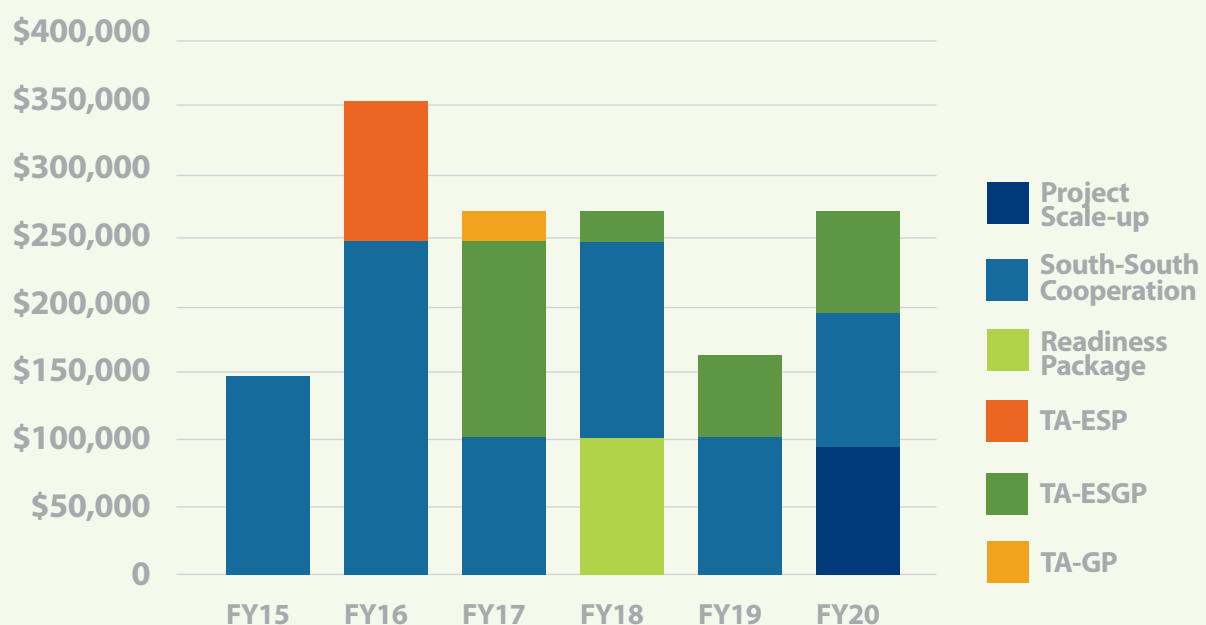
When the first Readiness Grants were introduced, the AF saw a high demand with a high rate of approval, with 11 grants being approved in FY2015 and again in FY2016, of which 8 per year were awarded to accredited NIEs. This decreased significantly, such that in FY2018 and FY2019, only 6 and 5 grants were approved, respectively. This can partly be explained by the fact that IEs are eligible to receive only one Readiness Grant of each type and only as one-off access.

119. Adaptation Fund, (2018) *Call for Interest to Host Readiness Package Workshop in April 2018*. Retrieved from: <https://www.adaptation-Fund.org/call-interest-host-readiness-package-workshop-april-2018/>

According to the AFB Secretariat, as of late, “requests for technical assistance grants are now generally following [the] rate of new accreditations to the Fund”. Since 2015, 42 Readiness Grants have been awarded in 35 countries and 65% of all accredited NIEs have received at least one Readiness Grant (as of March 2020). A bit more than half of these 42 grants were Technical Assistance grants (represented with the horizontal dashes in the graph below), the most popular among them

being the combined ESGP (ESP and Gender Policy grant). ESGP grants have been increasingly awarded: 60% of all grants approved in FY2019 and 50% of those in FY2020 were of this type. The second most frequent type of grant was the South-South Cooperation grant, with 40.5% of the number of approved grants. In terms of grant value, as can be seen in Figure 4.2 below, South-South Cooperation grants amounted to the highest value with US\$837K.

**Figure 4.2 Value of Financial Support Approved per Type of Grant**



*Source: Approved Readiness Projects*

NIEs from Africa make up the highest percentage of Readiness Grant recipients (64%), followed by NIEs from Latin America and the Caribbean (17%) and Asia-Pacific (17%). African NIEs have consistently made up the highest

proportion of grant recipients over the years (100% of the NIEs who received a grant in FY2015 were from the African continent) with the exception of FY2019 when no African NIE received any type of Readiness Grants.





Adaptation Fund NIEs Workshop and Project Visit, August 5-9, 2019, Antigua and Barbuda



#### 4.4.2 Non-Grant Readiness Activities

The AF continues to utilize numerous avenues to implement readiness and capacity building – such as grants, seminars, webinars, workshops, accreditation toolkit<sup>120</sup> and guidance documents on AF policies, processes, and procedures. The workshops, seminars and webinars have largely been demand driven and have included, for example, topics related to: how AF projects are evaluated with a specific focus on mid-term evaluation and final evaluation;

guidance on mainstreaming environmental, social and gender issues in adaptation projects; implementing the Results-Based Management (RBM) approach; best practices in applying M&E in adaptation work; and broader adaptation issues such as the linkages between NAPs and NDCs and the development of adaptation projects to support these. Table 4.1 below provides an overview of the type of readiness activities held over the years.

**Table 4.1 Overview of Readiness Activities**

SUPPORT TYPE	NUMBER	NOTES
Annual Climate Finance Readiness Seminar	7	32 Seminars were held in 2014 and they have become an annual event with one seminar held each year since 2015.
Climate Finance Readiness Workshop	19	Held in different regions covering Asia-Pacific, Africa Latin America, and the Caribbean.
Readiness Workshop on Accreditation and Readiness Support Package	1	At the 2018 workshop held in Nairobi, Kenya, co-hosted by the Kenyan National Environment Management Authority, the one-year pilot 'Readiness Package' was launched.
Climate Finance Readiness Webinar	10	2 webinars held each year on different topics (with 1 webinar held in 2015 and 1 in 2020 thus far).

Source: AF News & Seminars

#### Seminars

Through the Readiness Programme, the Fund has hosted seven Climate Finance Seminars – which are open exclusively to accredited NIEs and provide a platform for peer-to-peer learning, exchange between NIEs as well as between the AFB Secretariat

and the NIEs. The content for the seminars is identified and chosen by the NIEs through a survey to maintain relevance to NIE current issues, needs and challenges. Two seminars were organized in 2014 (one in May and another in July) and they have been held as a single annual event since. The seminars had

<sup>120</sup> The aim of the toolkit is to provide a practical "how-to" guide to assist countries in the accreditation process to become a NIE for the Adaptation Fund. This toolkit includes a number of tools for countries to use when starting the accreditation process for a NIE, including forms, practical case studies and step-by-step assistance to support a successful conclusion to the accreditation process.

traditionally been held at the AFB Secretariat office in Washington DC, with the seminars held in July 2015 and 2016 following this trend. However, as of 2017 and at the request of the NIEs, the venue has been alternating between Washington, DC and a location in a country with an accredited NIE. The seminars are widely perceived by the AF's accredited NIEs as a valuable occasion for them to gain greater familiarization about AF Operational Policies and Guidelines, identify how to better align their own policies and procedures with the Fund's expectations, and to discuss challenges and lessons learned for the project full cycle.

### **Workshops**

The Fund has managed to directly engage with stakeholders through regional workshops, which include one-on-one clinic sessions between AFB Secretariat staff and developing country representatives. The AF's open-door approach complemented by a partnership approach has enabled the AFB Secretariat, through the Readiness Programme, to deeply understand the challenges of candidate NIEs and accredited NIEs and to provide tailored and timely guidance. The Readiness Programme successfully hosted regional climate finance readiness workshops already covering participants from all developing country regions under the UN geographic classification system by early 2017. By then, a majority of developing countries had participated in at least one of the workshops, with particular attention paid to LDCs.

The Fund has held 17 Climate Finance Readiness workshops in different regions

since 2014, allowing participants to share best practices and enhance peer-to-peer learning. The AFB Secretariat also held a Readiness workshop on accreditation and Readiness Support Package in 2018, where the 'Readiness Package' was launched.

### **Webinars**

The Readiness Programme has hosted two climate finance readiness webinars each year since 2016 and before that had held one webinar in 2015. The tenth was delivered in April 2020, entitled "Managing Project Extensions Through Adaptive Management During Project Implementation". The webinars have been valued as a way to maintain engagement and provide readiness support and learning to NIE participants specifically. Though webinars are privately held with NIEs, they are also recorded and shared with NIEs, serving as a valuable resource onwards. As with the seminars, the topics discussed in each webinar are identified by the NIEs through a survey, thus ensuring usefulness. The webinar reports and presentations are also published on the AF website.

## **4.5 Readiness Budget**

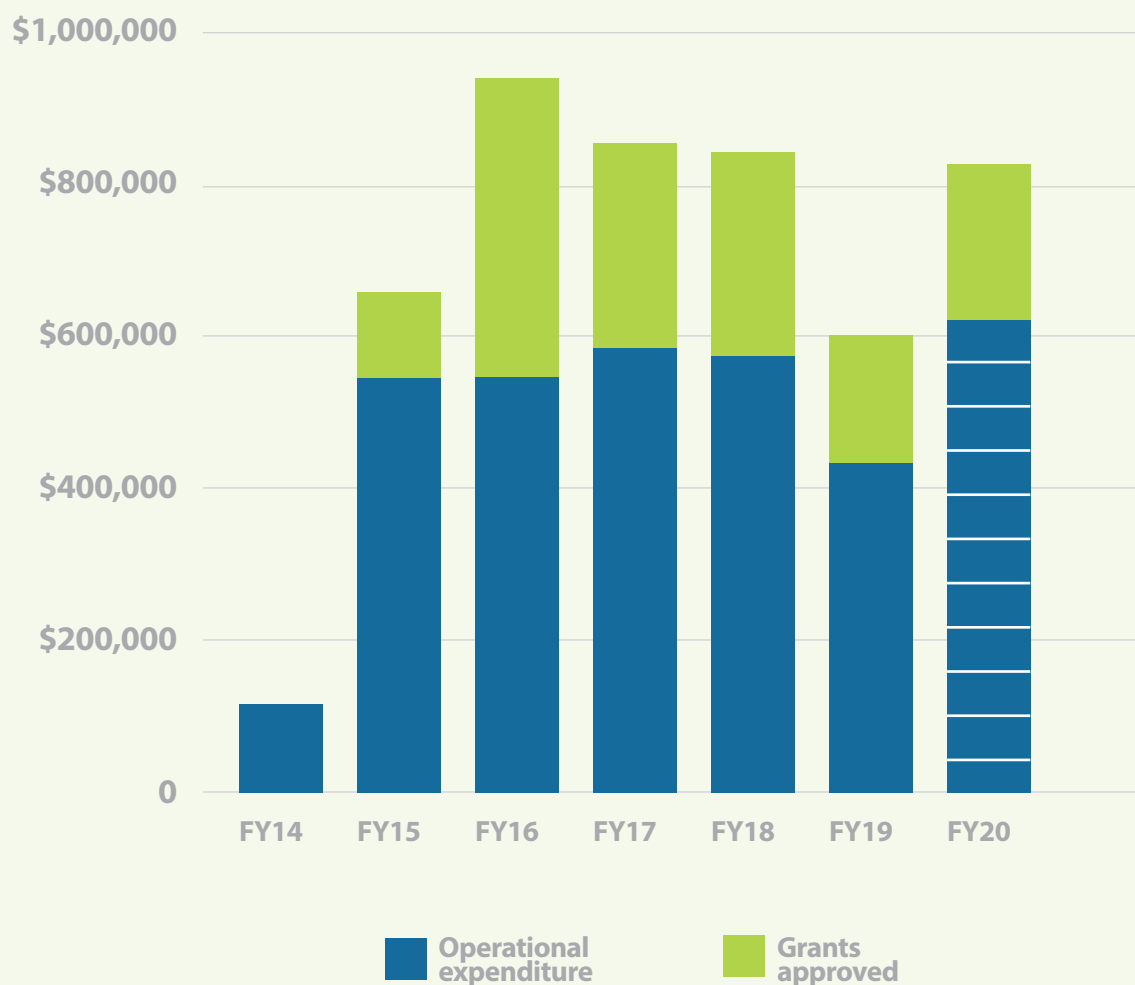
The Readiness Programme provides financial as well as non-financial support, as discussed. The financial support is allocated through small grants approved by the AFB on a case by case basis, while the non-financial support is spread across the Programme's operational budget.<sup>121</sup> Different budget lines relate to such support, for instance Communications strategy (knowledge exchange), travel, meetings, etc. Figure 4.3 below depicts the evolution of the Readiness Pro-

<sup>121</sup> The operational budget however does not include the staff, which are account for in another part of the AF's operational budget.

gramme's budget over time. As can be seen, the operational expenditure – inclusive of the non-financial support – has varied over time<sup>122</sup>, while the value of grants approved has progressively diminished since FY16. The financial support as a proportion of the Readiness Programme's overall budget has decreased in recent years, from its peak in

FY16 at 39.0% down to 26.6% in FY19 and 21.1% in FY20. This trend shows that the Programme has shifted its support increasingly towards non-financial support, which is consistent with the limit of Readiness grants set at one per country for grants supporting accreditation of an NIE and one per NIE for Technical Assistance grants.

**Figure 4.3 Actual Readiness Programme Budgets**



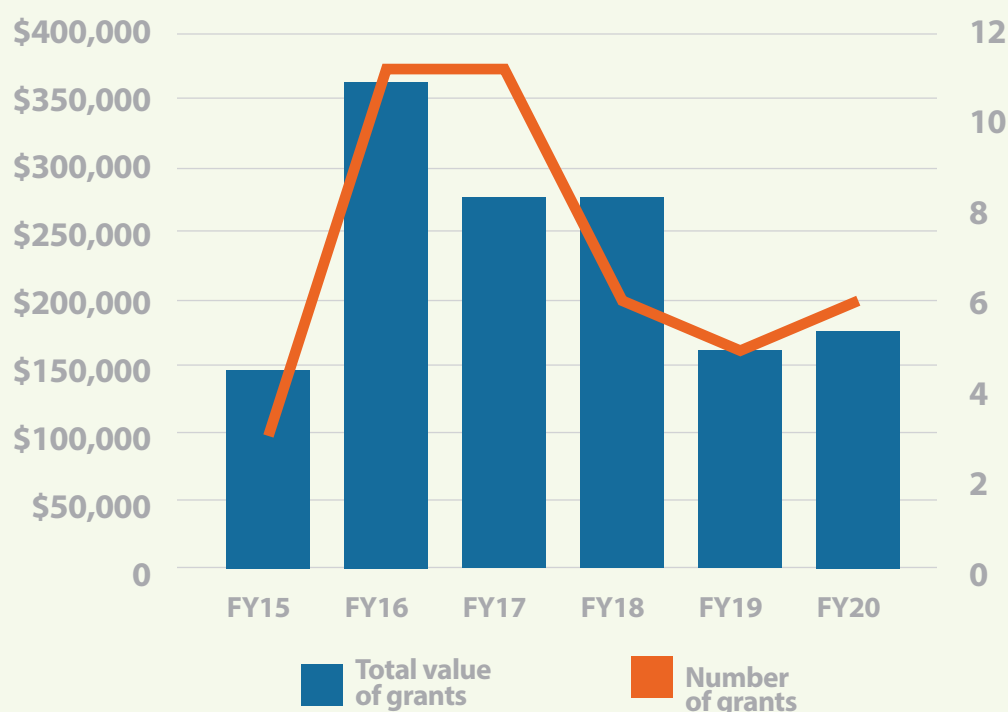
*Sources: Reconciliation of the Administrative Budgets of the Board and the Secretariat, and the Trustee for Fiscal Years 2014-21; Annual Performance Report 2019; Approved Readiness Projects*

<sup>122</sup>. As FY20 is ongoing, the graph represents the operational budget as opposed to expenditure.

While the approved budget for the Readiness Programme has been rather steadily increasing (from US\$523K in FY16 to US\$655K in FY20), the Programme has systematically underspent – by between US\$1K in FY16 and US\$ 179K in FY19. This is understood to be due to co-financing

provided by partner organizations during readiness workshops and other events. The grants awarded to NIEs through the Programme (not inclusive of PFA Grants <sup>123</sup>) have been decreasing over the years, in terms of number of grants approved and overall grant amount.

**Figure 4.4 Grants Approved by the Readiness Programme**



Sources: Annual Performance Report 2019; Approved Readiness Projects

Countries have received between US\$19.5K and US\$124K in financial Readiness Programme support, the median being US\$47.5K. Out of the 35 countries that received Readiness grants, the vast majority at 28 were awarded only one grant, while the remaining seven countries received two different types of grants. The Readiness Programme grants have a quite low value.

The average value of individual grants has varied between US\$25K in FY17 and US\$48K in FY15, with an overall average of US\$33K. It is widely believed within the AFB Secretariat, Accreditation Panel and among NIEs that the Programme would be more effective in supporting NIEs were it to offer larger grants of most types.

123. Data was not available for the PFA Grants at the time of writing, as they were not included in the Approved Readiness Projects spreadsheet.



## 5. Lessons Learned, Conclusions and Recommendations

This final chapter provides a compendium of lessons learned about readiness and capacity building overall, about the provision and coherence of readiness and capacity building globally, and about the AF's Readiness Programme in particular. In drawing its conclusions, the report also provides recommendations at these different levels for moving forward conceptual and programmatic deliberations on readiness and capacity building for Direct Access to climate finance.

### 5.1 Readiness and Capacity Building

The UNFCCC has long recognized that readiness and capacity building are essential and central features of the global climate change response architecture. Readiness and capacity building are meant to create an

overall enabling environment for effective climate change adaptation (and mitigation) while addressing the specific capacity needs of institutions and organizations delivering solutions at global, national, and local levels. Readiness and capacity building are meant to enable the accreditation of entities with the finance mechanisms of the UNFCCC, to support access to climate finance, project design, development and delivery, as well as overall progressive learning. In line with global priorities and agreements on aid effectiveness (e.g. as per the Busan Partnership Agreement), a culture of Direct Access to climate finance has been, and needs to be further, enabled.

Global financing for effective climate change adaptation (and mitigation) has been recognized as inadequate to meet the enormity of



Adaptation Fund Board Secretariat visiting the Kenya project during the climate finance readiness workshop in Nairobi, Kenya, 2018.

the challenges facing the global community, and this with potentially dire consequences. Readiness and capacity building support are situated within this landscape and suffer also from the paucity of funds. Nevertheless, the financing mechanisms of the UNFCCC, including the AF, GCF and GEF, have developed readiness and capacity building programmes that are providing diverse, complementary, though sometimes overlapping support. Together, the GCF and AF provide a little over US\$40 million annually to enable climate change adaptation and mitigation readiness, with the AF providing about US\$1 million annually specifically for adaptation. In addition, the CBIT provides about \$29.8 million annually while a portion of CSP, CIF and other funds supplement the pot. While only a fraction of the world's countries, institutions and organizations are benefitting from the readiness and capacity building support required to enable effective climate change adaptation action, good progress has been made, but much remains to be done.

## 5.2 Global Coherence

The global climate change adaptation (and mitigation) agenda, as with all sustainable development financing, is committed to the delivery of transparent, coherent and complementary support, including readiness and capacity building. It is thus essential that resources are deployed and used efficiently and effectively, and that a duplication in the use of resources is avoided. The AF's MTS articulates the AF's commitment to these values, which are shared by the GCF and others, thus infusing the design and delivery of the AF's Readiness Programme.

There are, however, a few areas where the global readiness and capacity building architecture would benefit from greater coherence across institutions providing such support. A few insights on this matter are discussed below, intent on informing the work of the AF Readiness Programme (and potentially others) going forward.

To begin with, not all readiness and capacity building programmes are alike. The GCF is the world leader in terms of the scale of climate change readiness support provided through its RPSP. The RPSP provides multifaceted support to not only build the readiness of specific entities, but also in building the readiness of multiple actors constitutive of complex systems (e.g. NDAs, accredited entities, private sector actors, etc. within specific contexts). Quite differently, the GEF offers diverse forms of capacity building to countries and eligible entities through its LDCF, CSP and CBIT, though these are not directly aimed at enabling readiness. As countries pursue project development, CIF support may be mobilized, which despite having restrictions to consider, provides valued capacity building at important moments in the project cycles.

Within this multi-faceted global readiness and capacity building landscape, the AF's Readiness Programme is particularly committed to supporting readiness and capacity building for Direct Access to climate finance. It aims to ensure not only that climate adaptation finance is deployed effectively, but that Direct Access is pursued and promoted. Yet, at the current

124. Neil Bird, Simon Billett, and Cristina Colon, (2011) *Direct Access to Climate Finance: Experiences and Lessons Learned*. Discussion Paper. New York: UNDP, London: ODI. <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7479.pdf>

time, the AF and GCF define Direct Access differently. The AF only considers national entities as Direct Access entities, while the GCF recognizes regional entities as well, with each Fund providing readiness support for Direct Access accordingly. This divergence has created much debate over the meaning, exact parameters and relative value of Direct Access, stemming back a decade or more,<sup>124</sup> without as yet abating and resulting in global agreement.

Direct Access is meant to put the reins of climate adaptation financing in the hands of countries, to more effectively and efficiently address climate challenges and to reduce transaction costs.<sup>125</sup> National-level institutions and organizations are clearly closest to the ground, often the most in need of support, and standing to benefit from readiness and capacity building support that would be of little relative use to multilateral organizations. Acting on this premise, the AF provides readiness and capacity building support only to national-level institutions and organizations.

At the same time, some climate adaptation challenges are widely recognized as situated at regional level. Constituted by national governments, empowered to address national and regional issues, regional organizations have a major role to play in addressing such challenges, while bridging local and global priorities and practices. While both the GCF and the AF support regional projects, only the GCF provides readiness and capacity building

support to regional entities, which it recognizes as Direct Access entities.

As things stand, there is no evidence to suggest that AF should reconsider its commitment and approach to Direct Access and move to provide more readiness and capacity building support to its RIEs. In fact, all AF RIEs are accredited by the GCF, as per the GCF's standards and requirements, and eligible for GCF readiness support. Thus, RIEs could continue to benefit from readiness support, if and as required, by the GCF but not by the AF, with its more limited resources and relatively modest AFB Secretariat capacity. It may, however, be beneficial to agree on an adapted language in differentiated reference to national and regional Direct Access entities. Beyond enabling accreditation to any one specific financial mechanism, readiness and capacity building programmes and their staff may also support countries and entities in navigating the landscape of available readiness and develop a tailored readiness strategy for the short and medium term. Such strategy development would ensure that countries (and regional organizations) can appropriately access a timely and sequenced range of support. At the current time, the complementarity and coherence of climate Funds remains a crucial topic for NIEs.

In many ways, the AF is one (but not the only) gateway to higher levels and different types of climate adaptation finance (including additional readiness support). Processes for accessing the AF Readiness Programme are relatively simple, as compared to those of the

125. Masullo, I., G. Larsen, L. Brown, and L. Dougherty-Choux., (2015). "Direct Access' to Climate Finance: Lessons Learned by National Institutions." Working Paper. Washington, DC: World Resources Institute. Retrieved From: <https://www.gcreadinessprogramme.org/sites/default/files/Direct%20Access%20to%20Climate%20Finance%20Lessons%20Learned%20by%20National%20Institutions.pdf>

GCF's RPSP. Similarly, accreditation is more accessible at the AF than at the GCF. This is recognized as a desirable feature of the AF and its Readiness Programme. However, the so-called fast-track accreditation between the AF and GCF merits attention. Fast-track accreditation is a two-way process between the AF and GCF, but it does not work in the same way, given the different eligibilities and modalities of the two Funds.

In principle, GCF-accredited entities could be accredited by the AF without conditions, as long as the following principles are respected, and criteria are met:

- The AF will only finance adaptation projects and programmes in developing countries;
- Only one NIE is allowed per eligible developing country;
- The AF only provides grant finance; and
- MIEs are only eligible for accreditation if invited by the AFB to apply.

Aside from this, the AFB has clearly recognized that the GCF accreditation process is consistent with that of the AF and can be relied upon.<sup>126</sup>

Conversely, the language of fast-track accreditation does not quite resonate with some AF-accredited national level institutions and organizations that are interested in pursuing fast-track accreditation with the GCF. There is little understanding of what this actually means – it is taken at its word – as fast-track. Additional guidance is required to bring

clarity on fast-track accreditation and its modalities, since not all accreditations are automatically fast-tracked; eligibility criteria must be met. Greater relationship between Readiness Programme staff at AF and GCF may be beneficial for informing and then accompanying eligible entities through the fast-track planning and application process (e.g. with a tailor-made and easily accessible funding window to support this), given it can currently take six months to some two years or more for AF-accredited entities to be accredited by the GCF.

Frameworks and processes at each of the Funds may need to be adapted as well, to create greater alignment and fluidity in fast-track accreditation. Among the issues to have clarified are the size of project or programme for which entities are seeking accreditation at the GCF, the type(s) of financial mechanisms for which accreditation is sought, fiduciary and policy requirements, and others, all within a well-understood timeline, while mindful of confidentiality and other considerations. Potentially interested AF NIEs would certainly benefit from taking the GCF accreditation self-assessment early on, as part of their future planning, and to begin the GCF accreditation application process well in advance of AF project completion, in order to avoid gaps in funding and other crucial forms of support.<sup>127</sup>

Cooperation between the AF and GCF is not new, as important progress has been made on this front. The CPDAE is supported by both

126. Adaptation Fund Board, (2018) *Analysis on Fast-Track Accreditation Process of Entities Accredited with the Green Climate Fund*. Retrieved from: [https://www.adaptation-fund.org/wp-content/uploads/2018/10/AFB.B.32.5-Analysis-on-Fast-Track-Accreditation-process-of-entities-accredited-with-the-GCF\\_final1.pdf](https://www.adaptation-fund.org/wp-content/uploads/2018/10/AFB.B.32.5-Analysis-on-Fast-Track-Accreditation-process-of-entities-accredited-with-the-GCF_final1.pdf)

127. Green Climate Fund, (s.d.) *Accreditation self-assessment*.



the AF Readiness Programme and the GCF, and making progress in institutionalizing its efforts. There are Board level interactions between the two Funds. The AF and GCF have collectively organized information sessions tailored to enable greater understanding of their readiness and capacity building offerings. Yet, a more intentional and shared approach may well enable greater access to readiness and capacity building across the climate finance landscape.

### 5.3 Adaptation Fund Readiness Programme

The AF is a pioneer and world leader in promoting Direct Access, and this with the support of its Readiness Programme and through financing and programmatic considerations.<sup>128</sup> It has also led the charge in catalyzing EDA<sup>129</sup>, as a principle and a practice, through its readiness and capacity building support, and by enabling learning processes and publishing knowledge products. This is very much in line with the priorities of Devolved Climate Finance. **The close relationship between candidate and accredited NIEs and the AFB Secretariat has been recognized as an important enabler to both the Direct Access and EDA approach, and it is essential that this be maintained.** Yet the AFB Secretariat, and the Readiness Programme specifically, has limited human resources. As the Direct Access and EDA approach evolve and expand, this may well place greater strain on the AFB Secretariat, which will then constrain its ability to provide the hands-on and accessible open-door support that has become its signature. It will

either have to change its approach or increase its human (and thus financial) resource base.

The AF Readiness Programme provides financial and non-financial support throughout the project cycle, from pre-accreditation support right through to project scale-up and re-accreditation. This is an ambitious and much valued range of offerings, with some stand-out strengths and a few important constraints of the Programme, as related to financial and non-financial support provided, as discussed below.

Of highest financial value overall, South-South Cooperation grants are very popular and much appreciated, but some important challenges have arisen with this grant type. There is a real, and quite pressing need for more eligible NIE entities to deliver this grant type and support, as only a handful can do so at the current time. A bottleneck exists in the number of entities that meet the criteria to deliver this. South-South Cooperation support is highly time consuming, demanding commitments over extended periods of time. There is evidence that some entities are treated like consultants by recipient countries, which is not the spirit or intention of the grants. **Greater clarity among NIEs on the parameters of the grants and support offered are indeed required, particularly through socializing existing guidance.**

The Technical Assistance provided by the Programme is commendable, having enabled the development of ESP and

128. For instance, as per Decision B.12/9 of the AFB, "...the cumulative budget allocation for funding projects submitted by NIEs, should not exceed 50 per cent of the total funds available for funding decisions in the Adaptation Fund Trust Fund at the start of each session."

129. Adaptation Fund, (2019) *Window for Enhanced Direct Access under the Medium-Term Strategy*

gender policies, and having evolved to meet changing priorities. However, Technical Assistance grants can only be accessed once by a single entity. While this is usually adequate, evolving environmental, social, gender and related consideration may warrant resources to upgrade policies. Thus, it would be **beneficial for the eligibility restriction on Technical Assistance grants to be lifted, to allow for such support to be accessible as priorities and (re-)accreditation requirements evolve and change through time.**

The Readiness Support Package grants are an important innovation, whose value can certainly be anticipated but remains to be assessed and demonstrated. In this same vein, larger grants are universally called for, as readiness takes expertise and time, which requires support. For instance, South-South Cooperation is time-consuming, and this time is barely covered for the entities delivering this support. Technical Assistance requires expertise over a set period of time, with support that is commensurate to the needs and commitments being made.

The AF Readiness Programme offers much valued non-financial support, in the form of seminars, webinars, workshops, and the like. These feed into the Knowledge and Learning processes of the AF, providing an important knowledge base, that could **certainly be taken advantage of more coherently to provide learning across multiple activities and grants, balancing qualitative and quantitative considerations and learning priorities. Of note, workshops merit to be expanded in number per year, to be delivered in multiple regions annually through virtual means, to enable yet further peer-to-peer learning, notably**

**with the participation of accredited and candidate entities.** The AF may well consider hosting at least one workshop annually with the GCF that is specifically focused on matters of accreditation, including fast-track accreditation, and readiness and capacity building. This would enable entities to approach matters of accreditation, as well as readiness and capacity building support, with greater clarity and more strategically both across the two Funds and more broadly across the climate finance landscape.

The Programme has relatively recently been mindful of the inconsistencies in its approach towards providing regionally tailored support, particularly to Asia-Pacific and with respect to different language communities, having made good effort to address this. It is essential that the Programme continue to tailor its work to meet the different and specific needs of different regions, working to ensure that webinars and workshops are delivered in suitable time zones and in appropriate and diverse languages, since English is not the lingua franca it is sometimes assumed to be. **The provision of learning products in multiple languages has been very welcome.**

There is currently a need for support to be intentionally tailored to account for the challenges facing fragile states.<sup>130</sup> The Direct Access approach, and the AF's flexibility and relationship with countries allows for some tailoring to fragile states. **A more intentional programmatic approach to fragile states may well be worth developing, with programmatic guidelines, types of funding, flexible reporting, etc.** Doing so

would be very much in line with the overall consideration AF has shown to the range of challenges facing NIEs, having resulted, for instance, in simplified reporting on AF Readiness Programme grants.

Given the relative paucity of readiness and capacity building financing and support available, and given the articulated need, there is clearly a necessity for more resources to be invested. There are many countries that do not have AF accredited entities or projects that would benefit from securing readiness

and capacity building support for Direct Access to climate finance. However, before expanding the Programme's resource base, it would be wise to **bring yet greater clarity to the strengths, limitations and overall impacts of the Programme, through a more thorough review of the Readiness Programme** itself. Doing so would bring greater understanding of the Readiness Programme's value in supporting accreditation, re-accreditation, and climate change adaptation project and programme development processes.

130. *The Fragile States Index* defines fragile states as having several attributes, some of the most common being: loss of physical control of its territory or a monopoly on the legitimate use of force; erosion of legitimate authority to make collective decisions; inability to provide reasonable public services; inability to interact with other states as a full member of the international community. Fragile States Index, (2018) *What Does State Fragility Mean?* Retrieved from: <https://fragilestatesindex.org/frequently-asked-questions/what-does-state-fragility-mean/>



4th Annual Climate Finance Readiness Seminar for NIEs, Puntarenas Province, Costa Rica, 2017

## 5.4 Recommendations

The following recommendations have been crafted to advance conceptual and programmatic deliberations on readiness and capacity building for Direct Access to climate finance, intent on improving the global support provided, as an important constitutive element of a more relevant, effective, and sustainable climate change adaptation (and mitigation) regime.

### Readiness and Capacity Building

#### RECOMMENDATION 1:

Greater financial resources for climate change adaptation, as well as readiness and capacity building more specifically, would serve to address the growing gap between available adaptation finance and rising climate change related impacts and challenges.

### Global Coherence

#### RECOMMENDATION 2:

Agreement and coherence should be sought on the definition, modalities and financing parameters of Direct Access across the institutional climate change and finance landscape.

#### RECOMMENDATION 3:

Greater coherence and complementarity in the delivery of readiness and capacity-building would be beneficial between climate funds to enable greater awareness of the range of readiness and capacity building support available from various sources towards more coordinated approaches that build up advice across multiple levels within countries and organizations on accessing relevant, timely and appropriately sequenced support.

#### RECOMMENDATION 4:

In line with their commitment to coherence and complementarity, the Adaptation Fund and Green Climate Fund might consider jointly providing additional tools, training (e.g. webinars) and other forms of support to entities seeking to understand and pursue fast-track accreditation.

### Adaptation Fund Readiness Programme

#### RECOMMENDATION 5:

Given their popularity and effectiveness in supporting accreditation processes, the provision of more Readiness Grants of all types would be welcome. Of particular note, a greater number of entities supporting the delivery of South-South Cooperation grants, representing all regions adequately, may be required.

#### RECOMMENDATION 6:

A greater number, and appropriate selection, of civil society organizations could be included in Adaptation Fund Readiness Programme activities, particularly as the EDA modality continues to evolve and expand.

#### RECOMMENDATION 7:

A strategy for the provision of readiness and capacity building to fragile states may be necessary, responding to the particular contextual and capacity challenges facing such countries.

#### RECOMMENDATION 8:

A yet more intentional and targeted dissemination of Adaptation Fund knowledge products, reaching out to the range of entities participating at events, workshops, webinars, etc., would prove a valuable complement to the readiness and capacity building support provided.

#### RECOMMENDATION 9:

An evaluation of the Adaptation Fund Readiness Programme, undertaken as a component of a wider MTS evaluation, would shed greater light on the Programme's strengths, limitations and overall impacts.





The 5th Climate Finance Readiness Seminar, August 28-31, 2018



# Appendix I Documents Consulted

## Adaptation Fund Documents

### Policies and Guidelines

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Adaptation Fund Board, (2014) *Methodologies for Reporting Adaptation Fund Core Impact Indicators*

Adaptation Fund Board, (2014) *Risk Management Framework for the Adaptation Fund*

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*Annex 1: Strategic Priorities, Policies, and Guidelines of the Adaptation Fund Adopted by the CMP*

*Annex 2: Fiduciary Risk Management Standards to Be Met by Implementing Entities*

*Annex 3: Environmental and Social Policy*

*Annex 4: Gender Policy and Action Plan of the Adaptation Fund*

*Annex 5: Request for Project/Programme Funding from the Adaptation Fund*

*Annex 6: Accreditation Application Form*

*Annex 7: Project/Programme Implementation*

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