



ADAPTATION FUND

## Adaptation Fund Study: Streamlined Accreditation Process has Value in Opening Doors to Climate Finance for Smaller Entities

Washington, D.C. (September 2, 2022) -- Since its inception, the Adaptation Fund (AF) has sought to innovate new opportunities for vulnerable countries to adapt to climate change.

In addition to pioneering [Direct Access](#) and Enhanced Direct Access to empower country ownership in adaptation, and many groundbreaking scalable pilot adaptation [projects](#) throughout the globe, as well as emerging funding windows in [learning](#), [innovation](#) and project [scale-up](#), AF innovated a unique way several years ago for smaller implementing organizations from small island developing states (SIDS) or other especially vulnerable countries to access climate finance using their own national institutions which they may not have otherwise been able to do.

Referred to as AF's '[Streamlined Accreditation Process](#)', it was approved by its Board eight years ago and has since accredited five [national implementing entities](#) (NIEs) under Direct Access with the capability to identify, develop and implement adaptation projects. A new AF study, '[Lessons Learned on AF's Streamlined Accreditation Process](#)', takes a look at these case studies, successes and knowledge gleaned.

The study determined that, *"The streamlined process has clearly provided the opportunity for smaller organizations to be accredited. Without the flexibility and alternative compensatory measures available through the streamlined process, these smaller entities may not have had the opportunity to be accredited."*

The new study includes analysis of the streamlined process, the five smaller NIEs (SNIEs) that have been accredited through the process, a review of their approved projects, and interviews with them, members of AF's independent expert Accreditation Panel (AP) and AF staff.

In initially establishing the Streamlined process in March 2014, the Fund's Board aimed to improve access of smaller organizations to AF resources while considering their higher vulnerability and more limited capacities. While the process entailed no changes to fiduciary, environmental or social standards, it offered mitigating measures that better reflect the institution's capacity, risk profile and ability to handle projects of a manageable size. Another aim of the streamlined process was to enable SNIEs to 'learn by doing', through gradually increasing their capacity as they access AF's various programmes.

SNIEs from the Federated States of Micronesia (2015), the Cook Islands (2016), Armenia (2016), Tuvalu (2019), and Honduras (2021) have been accredited through the streamlined process to date, with a majority now implementing effective adaptation projects in the field with AF resources.

The streamlined process has resulted in both direct and indirect benefits. *"In addition to allowing SNIEs to access funds for direct climate action, it has set them up to access climate finance from other bilateral*

*and multilateral entities,” the study concludes. “This includes three of the five entities [also being] accredited to date to the Green Climate Fund (GCF) through its [mutual] fast-track process.”*

The study offered high praise for the five SNIEs that have broken ground in being the first entities to have gone through the streamlined process.

For example, in the study the AP noted the internal growth the Micronesia Conservation Trust (MCT) has gone through that has been empowered by the streamlined process since it first became accredited in 2015 and was reaccredited two years ago.

*“MCT has not only remained compliant with the criteria for a streamlined process of accreditation but continued to issue or update its policies and procedures to align with best practices and to the AF’s [Environmental and Social] and gender policies,” the panel noted in the study. “It has also demonstrated its capacity to manage projects of much larger amounts and the related risks.”*

The study added that *“MCT can be considered a major success as the first SNIE accredited and reaccredited. Since accreditation in 2015, MCT has not only continued to build its institutional capacity but has also succeeded in accessing and implementing climate finance to the benefit of the most vulnerable communities it serves.”*

Several key lessons were offered by the study, among them that the streamlined approach provides added flexibility for smaller entities in the accreditation process that otherwise may not have been able to meet the AF’s overall accreditation standards, improves institutional capacities of SNIEs, and opens opportunities to accessing other sources of climate finance as well as gaining additional accreditations.

*“The streamlined accreditation process is a groundbreaking platform that the Adaptation Fund pioneered several years ago to open doors to climate finance to smaller national implementing entities, such as those from small island developing states and other vulnerable nations,” said Mikko Ollikainen, Head of the Adaptation Fund. “We are now seeing returns on the first entities that were accredited in this way. The process has empowered them to build their adaptation capacities along the way, implement effective projects and attract other sources of climate finance – which are all pivotal in fostering country ownership to help address the urgency of climate change adaptation. We hope their successes serve as encouraging examples for other countries that may also benefit from streamlined accreditation.”*

The study listed several additional lessons learned:

- In practice the timeframe and effort needed for accreditation through the streamlined process has been similar as the regular accreditation process. Many SNIEs have major gaps that require time to develop a successful track record prior to accreditation, and often have less staff so may need more time to demonstrate they can meet criteria that is commensurate with their individual size and capacity;
- A disconnect in perception: according to the AP, the SNIEs’ organizational structure, size and track record would not have allowed them to be accredited if it were not for the streamlined process and the flexibility that it provides. However, for some SNIEs there is a sense that they could have been accredited without any monetary limits on project funding; and
- SNIEs are often not aware that they can request increases in these funding limits by showing improvement in their institutional capacity within five years of accreditation and during [re-accreditation](#).

The study also provided key recommendations to improve the streamlined process further, including:

- Raising more awareness of the opportunity for smaller organizations to enter the streamlined process (only 5 of AF's 34 NIEs to date have been accredited this way). While a country's [designated authority](#) can nominate an NIE applicant under the streamlined process, this option has not been used to date. Smaller NIEs have usually applied through the regular accreditation process and then later – through AP's assessment – switched to the streamlined process; and
- Developing guidelines for alternate ways for smaller entities to meet requirements of fiduciary standards, which they can often struggle with. This could include examples of acceptable mitigating measures to meet the spirit of the standards and ways to speed up the accreditation process.

### **ABOUT THE ADAPTATION FUND**

Since 2010, the Adaptation Fund has committed nearly US\$ 912 million for climate change adaptation and resilience projects and programmes, including over 130 concrete, localized projects in the most vulnerable communities of developing countries around the world with over 33 million total beneficiaries. It also pioneered Direct Access and Enhanced Direct Access, empowering countries to access funding and develop local projects directly through accredited national implementing entities.

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