



ADAPTATION FUND

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**UPDATE ON
THE AF-TERG THEMATIC EVALUATION ON
THE ADAPTATION FUND ACCREDITATION PROCESS**

AF-TERG THEMATIC EVALUATION OF THE ADAPTATION FUND ACCREDITATION PROCESS

1. This report presents the findings of the thematic evaluation of the Adaptation Fund (the Fund) accreditation process conducted by the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG).
2. Accreditation serves as the mechanism through which developing country Parties to the Kyoto Protocol and the Paris Agreement gain access to financial resources from the Fund for climate adaptation projects and programmes¹. Eligible Parties must use National Implementing Entities (NIEs), Regional Implementing Entities (RIEs), or Multilateral Implementing Entities (MIEs) to access funds, and accreditation serves to demonstrate that they have the capacity to adhere to administrative and financial guidelines. After accreditation, entities can establish contractual relationships with the Fund, setting the stage for fund transfers for project implementation in developing countries. The Adaptation Fund was the first climate fund to introduce the "direct access" modality, which broadens the range of Implementing Entities (IEs) to include NIEs nominated by individual Parties.
3. The AF-TERG Thematic Evaluation of the Fund's Accreditation Process is one of three thematic evaluations, which are part of the AF-TERG's first multi-year work programme², determined through a process of consultation with key stakeholders of the Fund.³
4. There are several compelling reasons to undertake an assessment of the Fund's accreditation process at this time, and one of the key factors is its strategic importance for the Fund. The Medium-Term Strategy 2023–2027 underscores the Fund's role in supporting country-driven adaptation projects/programmes that directly reach, engage, empower, and benefit the most vulnerable communities and social groups, which reemphasizes the importance of direct access and the opportunity for NIEs, particularly to access grant resources. In 2021, the AF Board decided to increase the number of NIEs per country for eligible developing country Parties from one to two⁴ and to raise the cap per country from USD 10 million to USD 20 million for all eligible developing country Parties⁵. At the same time, the AF Board decided to further encourage countries to make use of the direct access modality and to submit projects, whenever possible, through their NIEs⁶. As the number and responsibilities of NIEs are expected to expand, it becomes crucial to assess the relevance,

¹ Adaptation Fund (2022). Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund (OPG), (Amended in October 2022). p.5. Available at: https://www.adaptation-fund.org/wp-content/uploads/2017/08/Amended-OPG_Oct-2022_2.pdf

² Decision B.35.a-35.b/29. In: Adaptation Fund Board (2020). Strategy and Work Programme of the Adaptation Fund Technical Evaluation Reference Group (AF-TERG). 35th.a/35th.b Intersessional. Available at: <https://www.adaptation-fund.org/document/strategy-and-work-programme-of-the-adaptation-fund-technical-evaluation-reference-group-af-terg/>

³ The other two thematic evaluations include: evaluation of the Fund's Approach to Support Innovation for Climate Change Adaptation, which has been discussed by the EFC in March 2022, and Evaluation on Scalability, which will be published in 2024. Thematic evaluations commissioned by the TERG are available at: <https://www.adaptation-fund.org/about/evaluation/publications/evaluations-and-studies/thematic-evaluations/>

⁴ Decision B.36/42(a). In: Adaptation Fund Board (2021). Report of the Thirty-Sixth Meeting of the Adaptation Fund Board. AFB/B.36/10. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2021/06/AFB.B.36.10-Report-of-the-thirty-sixth-meeting-of-AFB-4-1.pdf>

⁵ Decision B.36/41. In: Adaptation Fund Board (2021). Report of the Thirty-Sixth Meeting of the Adaptation Fund Board. AFB/B.36/10. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2021/06/AFB.B.36.10-Report-of-the-thirty-sixth-meeting-of-AFB-4-1.pdf>

⁶ Decision B.36/42(b). In: Adaptation Fund Board (2021). Report of the Thirty-Sixth Meeting of the Adaptation Fund Board. AFB/B.36/10. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2021/06/AFB.B.36.10-Report-of-the-thirty-sixth-meeting-of-AFB-4-1.pdf>

efficiency, and effectiveness of the accreditation process to support their increased involvement.

5. The dynamic changes around the accreditation process as noted above, along with stakeholder feedback and turnover within the AF-TERG, led to a revised focus of this evaluation on a subset of issues centred on key criteria aligned with the Fund's Evaluation Policy.

The evaluation has the following objectives:

- To assess the relevance, effectiveness, and efficiency of the accreditation and re-accreditation processes; and
- To assess the coherence and complementarity between the Adaptation Fund and the GCF accreditation processes through the fast-track modality.

The evaluation covers the timeframe from March 2008 to October 2023⁷.

Findings

6. This thematic evaluation of the Fund's accreditation process finds that significant funding was able to find its way to countries by going through new and additional organizations that served as direct access entities, although there is still room for improvement. The accreditation process strongly focuses on fiduciary standards and systems that implement the Fund's policies. The accountability focus of the accreditation process is seen by some stakeholders as the reason for a lack of misconduct observations among AF entities to date.

7. On the other hand, accreditation is a lengthy and resource-intensive process that is not always successful. While the AFB Secretariat and the Accreditation Panel (AP) are successful in keeping the process as lean as possible – including standardized processes and procedures – IEs note that it is still a burdensome process that asks for documentation on systems and policies that not all applicants have. For these, the "streamlined" accreditation pathway is providing some ad-hoc flexibility, but it typically takes even longer than the standard pathway.

8. The evaluation concludes that there are a number of challenges and trade-offs, for example:

- A highly standardized, one-size-fits-all approach is helpful from the perspective of staffing and AP resources, administrative efficiency, transparency, and fairness, and can offer economies of scope. However, the practice has already demonstrated that it needs to be adapted for some entities in the form of streamlined accreditation. The streamlined accreditation of national implementing entities opens funding opportunities for entities that do not traditionally have accounting systems and policies in place that are required for regular accreditation. The evaluation formulates a number of recommendations that encourage the AFB Secretariat to explore avenues to either tailor the accreditation process or the associated readiness component such that a higher number of NIEs can gain access to funding faster. Some of these might have resource implications for the Fund. Other recommendations encourage the Fund to take a more risk-friendly approach to accreditation.
- The re-accreditation process, which involves renewing an IE's accreditation every five years, has several challenges for them. These challenges include capacity constraints,

⁷ The evaluation encompasses the period from the initial meeting of the Adaptation Fund Board to its forty-first meeting in October 2023.

difficulties in demonstrating compliance with environmental and social policies, and language barriers for non-English speaking IEs. IEs have suggested improvements for the re-accreditation process, such as making the electronic portal more user-friendly, using a principle-based approach for assessment, and implementing suggested response times for review questions.

- The fast-track re-accreditation, i.e., the re-accreditation of entities that have been accredited by the GCF, is not effectively faster than the standard re-accreditation. The reasons for that have not become clear to the evaluation team. It is also not clear if fast-track re-accreditation might be less resource-intensive for the entities than standard re-accreditation. What is clear is that the coordination of the fast-track re-accreditation process with the GCF developments is not an easy task for the AFB Secretariat.
- Readiness support, including financial and non-financial assistance, has played an important role in enabling organizations to meet the accreditation criteria and achieve accreditation but will be discussed in a separate evaluation, as outlined in the Implementation Plan of the Fund's new Medium-Term Strategy 2023–2027.

9. The evaluation formulates recommendations that invite the AFB Secretariat to reflect on these challenges and proposes modifications to the processes to the AF Board. However, the AF-TERG would also like to point out that these challenges fall into two categories:

- a) One set of challenges relates to the very dynamic environment in which accreditation takes place. For example, the parallel process with the GCF and the reforms and adjustments within the entities might take place faster than in an individual accreditation process. This results in high resource demands for the administrative capacity of the process due to a requirement for continuous adjustment. These can be solved in theory by devoting higher resources to the alignment of both funds and strengthening capacities at the AFB Secretariat.
- b) The second category is conundrums that result from a trade-off between the urgency of climate action and the perceived need for due diligence and control, as well as from the trade-off between the focus on fiduciary aspects and on the technical aspects of climate change risks and safeguards. These trade-offs are governance-related issues that would need to be resolved by the AF Board. Some of these would open the way for new developments.

Strategic options for consideration

10. On the basis of the positive experiences with the Direct Access Modality so far, the AF-TERG encourages the AFB Secretariat to consider other options to streamline the accreditation process and present these to the AF Board. In order to develop direct access further, the AF-TERG suggests three potential options:

- a) Continue to implement incremental improvements to the existing process, relying on the (proven) competence of the AFB Secretariat and the AP.
- b) In addition to focusing the accreditation process on the fiduciary aspects, separately assert compliance with other substantive and technical aspects (climate rationale, safeguards policies, gender policy, evaluation policy, and other project management aspects), for example, through the readiness package or during project implementation.

- c) Rethink the process fundamentally, including by relaxing requirements, to allow faster and broader access to the Fund's resources.

11. These measures could include further discussion on the calculated risks of relaxation of accreditation requirements, including risks that cannot be quantified or well described, and a consideration of new modalities which would require departures from current practice. For instance, new modalities could involve conducting due diligence on an entity concurrently with the review of its first project proposal, thus reducing the time required before funding becomes accessible. This may entail outsourcing certain aspects of the accreditation process, such as fiduciary risk assessments, to private agencies equipped with the necessary resources to handle these tasks. Additionally, a refreshed accreditation process could consider how alignment between the GCF and the Fund's accreditation requirements can be strengthened. Other innovative ideas that reduce the burden on the AFB Secretariat and the entities should be considered and have been included in the outlook section of this evaluation report.

Proposed Board Decision

12. Having reviewed and discussed the information contained in document (AFB/EFC.33/11), the Ethics and Finance Committee (the EFC) may wish to consider recommending to the AF Board:

- (a) To take note of the key findings of the thematic evaluation of the Adaptation Fund's Accreditation Function, particularly areas of improvement, in informing the overall strategic direction and future accreditation process.
- (b) To request the AFB Secretariat to prepare a draft management response to the recommendations of the accreditation thematic evaluation and to submit it for consideration by the AF Board intersessionally between the AF Board's forty-second and forty-third meetings.
- (c) To request the AFB Secretariat to consider the strategic options presented in the outlook section of this report, and present these to the AF Board for discussion and in the context of taking forward the Implementation Plan of the Medium-Term Strategy 2023 – 2027.

Annex I.



**"AF-TERG THEMATIC EVALUATION OF THE ADAPTATION FUND
ACCREDITATION PROCESS"**

FINAL REPORT

Acknowledgements

The Thematic Evaluation of the Adaptation Fund Accreditation Process was a collaborative effort involving a substantial team of consultants, led by the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG). However, it is important to emphasize that this undertaking would have been unattainable without the unwavering support and active involvement of all Adaptation Fund partners. These partners encompass the AF Board, the AFB Secretariat, Accreditation Panel, Accredited Entities, and Designated Authorities. The AF-TERG expresses its deep gratitude to the numerous individuals who participated in e-survey and key informant interviews, as well as those who provided valuable insights through detailed inquiries.

Furthermore, we wish to acknowledge the outstanding contributions of the members of the Accreditation team of the AFB Secretariat for their professional and organizational assistance. We are particularly grateful to Silvia Mancini, Ishak Mohammed, and Naysa Ahuja, for their active participation in shaping the study recommendations and for generously sharing data and documents, and to Mikko Ollikainen for the overall guidance to the process. Their active involvement and provision of resources were indispensable for the successful completion of the evaluation work.

We would like to give special recognition to the evaluation team for this work, that was led by the AF-TERG member Carroll Patterson, Bruce Ravesloot and Steven Masvaure as external consultants, and the AF-TERG data analysts Liza Ottlakán and Mariana Vidal Merino. Their numerous contributions in terms of content and methodology significantly enhanced the quality of this study.

Christine Wörten, TERG member, provided overall guidance and oversight throughout the last phase of the writing process. The evaluation report was jointly drafted by Mariana Vidal Merino and Christine Wörten.

Finally, we extend our profound appreciation to the AF-TERG chair, Debbie Menezes, AF-TERG Secretariat Coordinator & Senior Evaluation Officer, Vladislav Arnaoudov, and all AF-TERG members, including Claudio Volonte, Susan Legro, and Sithabiso Gandure. They provided invaluable conceptual insights, raised critical questions, and offered methodological solutions throughout the entire evaluation process.

Executive Summary

A. Background

This report presents the findings of the thematic evaluation of the Adaptation Fund (the Fund) accreditation process conducted by the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG). The evaluation covers the timeframe from March 2008 to October 2023¹.

Accreditation is a crucial aspect of the Adaptation Fund, enabling developing country Parties to the Kyoto Protocol and the Paris Agreement to access financial resources for climate adaptation projects². Eligible Parties must use National Implementing Entities (NIEs), Regional Implementing Entities (RIEs), or Multilateral Implementing Entities (MIEs) to access funds, with accreditation serving as a means for these entities to demonstrate their capacity to adhere to administrative and financial guidelines. The Adaptation Fund was the first climate fund to introduce the "direct access" modality, which broadens the range of IEs to include NIEs nominated by individual Parties. After accreditation, entities can establish contractual relationships with the Fund, setting the stage for fund transfers and project implementation in developing countries.

The evaluation has the following objectives:

- To assess the relevance, effectiveness and efficiency of the accreditation and re-accreditation processes; and
- To assess the coherence and complementarity between the AF and the GCF accreditation processes through the fast-track modality.

The evaluation further aims to provide perspectives on accreditation as one of the core features of the Fund, including recommendations for potential improvements.

The key audience who will benefit from the findings of this evaluation encompasses the AF Board, the AFB Secretariat, the Accreditation Panel (AP), Designated Authorities (DAs) and current and prospective Implementing Entities (IEs).

B. Methodology

The evaluation team comprised AF-TERG staff and independent consultants. The team utilized a mixed-method approach following AF-TERG principles, involving the review of programme and policy documents, an e-survey to Implementing Entities with 22 responses, and 25 semi-structured key informant interviews.

The limitations of the evaluation include data availability constraints, particularly regarding confidential information related to application submissions and process details. Recollection bias was another limitation, as the evaluation covered a long period, relying on individuals' memories for historical data. The number of direct interviews with Implementing Entities (IEs) was limited, with the e-survey providing broader but less in-depth information.

¹ The evaluation encompasses the period from the initial meeting of the Adaptation Fund Board to its forty-first meeting in October 2023.

² Adaptation Fund (2022). Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund (OPG), (AMENDED IN OCTOBER 2022). p.5. Available at: https://www.adaptation-fund.org/wp-content/uploads/2017/08/Amended-OPG_Oct-2022_2.pdf

C. Findings and recommendations

Relevance

The (re-)accreditation process is relevant to the current strategic priorities of the Fund, as outlined in the Medium-Term Strategy 2023-2027. It responds to the needs of developing countries to access adaptation finance by enhancing climate finance access modalities, particularly through its direct access modality.

To achieve accreditation, entities must demonstrate their adherence to the Fund's operational policies and guidelines. These are detailed as a set of accreditation criteria in the Accreditation Application Form.

The accreditation criteria are strongly focused on fiduciary standards and project oversight. They are relevant to the needs of the AF Board and the Fund's financial supporters in ensuring that funds are not mismanaged.

These criteria include only optional requirements concerning technical competencies in adaptation program design and management. Consequently, during the accreditation process, no clarity is established regarding such technical expertise including competence on climate, risk and vulnerability, or access to vulnerable groups. Obtaining early information in the accreditation process about an entity's suitability for designing and implementing adaptation-related projects could significantly enhance the relevance of the accreditation process with respect to the adaptation agenda and aligning with "the Fund's distinct mission of advancing tangible adaptation initiatives that directly benefit the most vulnerable countries and communities on the ground", as expressed in the Fund's Medium-Term Strategy.³

The evaluation suggests R1. Climate Rationale: To assess the accreditation applicants' capabilities and experience in identifying, designing, and implementing projects specifically related to climate change adaptation. Key aspects to consider should include, for example, adaptation competence, the climate rationale of projects, climate risk assessment, and/or the ability to access stakeholders exposed to climate risks, and vulnerable areas, including stakeholders that are able to implement locally led adaptation and other projects that are specifically important for the Fund's mission.

An additional opportunity to increase the alignment of the accreditation process with the Fund policies would be to establish a standing process for the harmonization of the accreditation criteria with any new Policies. Currently, there is need to harmonize the accreditation guidelines and information notes with the Fund's new Evaluation Policy, which came into effect in October 2023. As of now, for instance, the re-accreditation criterion on assessing the implementing entity's performance regarding project/programme implementation is yet to be updated to align with the criteria for evaluating projects at mid-term and project completion stages⁴.

In line with this, the evaluation recommends R2a. Updating OPG (re-)accreditation supporting materials. The OPG and the (re-)accreditation supporting materials should be updated to

³ Adaptation Fund (2022). Medium Term Strategy 2023-2027. p.5. Available at: <https://www.adaptation-fund.org/document/medium-term-strategy-2023-2027/>

⁴ See AF-TERG (2022). Mid-Term Review. Guidance in Support of the Operationalization of the Evaluation Policy. Adaptation Fund Technical Evaluation Reference Group (AF-TERG), Washington, DC. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2023/11/AFBEFC.318Add.8-09.15.23.pdf>

See also AF-TERG (2022). Final Evaluations. Guidance in Support of the Operationalization of the Evaluation Policy. Adaptation Fund Technical Evaluation Reference Group (AF-TERG), Washington, DC. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2023/11/AFBEFC.318Add.11-09.22.23.pdf>

reflect the latest policy developments of the Fund, in particular, the new Evaluation Policy approved by the AF Board in 2022. This process should include revisiting the re-accreditation criterion related to project performance assessments and aligning it with the project evaluation criteria outlined in the Fund's new Evaluation Policy.

And

R2b. The AFB Secretariat, in collaboration with the AF-TERG, should clarify how the assessment of past project performance is being integrated into the overall re-accreditation criteria in alignment with the new Evaluation Policy.

Effectiveness

The accreditation process is effective in its core mandate, ensuring that entities access adaptation finance, and with no evidence of financial mismanagement identified to date. This is a notable accomplishment for the Fund, demonstrating its success in enabling direct access to climate financing.

The majority of the Implementing Entities (over 80 per cent) that participated in the e-survey perceive the accreditation process as effective, i.e., they find that it ensures that systems, policies and processes are in place to successfully apply for and manage climate finance grants from the Adaptation Fund. Additionally, for most IEs, the accreditation process has supported their organization's technical capacity. Particularly for NIEs, the tools, policies, procedures and frameworks developed during the (re-)accreditation process have led to improvements in the operation and effectiveness of project cycle management capacities of climate-related projects.

Of the 32 NIEs accredited by the Fund, a noteworthy 84.4 per cent have successfully secured funding. Yet NIEs manage only 20 per cent of all financing approved for project/programme implementation. Key informants widely acknowledged that many accreditation applicants, particularly NIEs new to administering third-party funds, have capacity gaps that limit their ability to access funding after accreditation.

This evaluation, therefore, recommends that early stages of the accreditation processes could include an assessment of the suitability and readiness of applicant entities to pursue accreditation with the Fund, including their capabilities and experience in identifying, designing, and implementing projects related to climate change adaptation. The capacity gaps identified in individual entities during the capacity assessment should guide the support provided to the entities, including through the readiness programme, for accreditation. In turn, this would support more agile access to adaptation funding by NIEs once they are accredited and advance the Fund's mandate [R3. Capacity Assessment and tailored Readiness Support].

There are different tracks for (re-)accreditation. In addition to the regular track, there is a fast track for entities that have been accredited to the GCF and a streamlined track with flexible requirements and limited funding volumes for small NIEs. Most NIEs (81 per cent) underwent accreditation using the regular accreditation track. Despite the advantages of the streamlined accreditation process, only five NIEs (16 per cent) have chosen the streamlined accreditation track, which was introduced in 2015 and designed specifically for small NIEs. Entities have expressed concern about being unable to access sufficient funds and a lack of understanding or knowledge regarding this particular modality. This issue has been further explored in a 2022

publication of the Adaptation Fund⁵, which includes a set of recommendations that remain valid and would enhance the effectiveness of this particular track (see Section 4.2.2).

In 2021, the AF Board decided to increase the number of NIEs per country for eligible developing country Parties from one to two⁶ and to raise the cap per country from USD 10 million to USD 20 million for all eligible developing country Parties⁷. At the same time, the AF Board decided to boost their efforts to encourage countries to make use of the direct access modality and to submit projects, whenever possible, through their NIEs⁸. While it remains premature to fully assess the effectiveness of transitioning from one to two NIEs per country, the anticipation is that this change will have a positive impact on the accreditation process as it is expected to bolster the number of accredited NIEs, contributing to a more robust and diversified pool of entities that can access direct adaptation funding.

Efficiency

The evaluation examined various accreditation components, including the time between application submission and accreditation or re-accreditation, time between NIEs first accreditation and first project approval, and the volume of accreditation and re-accreditation applications handled by the Accreditation Panel.

Time required for an entity to undergo accreditation

The median time required for entities to go through the accreditation process is 27 months for the streamlined accreditation track, 12 months for the regular track, and 9 months for the fast-track.

In the streamlined track, exclusively designed for small NIEs, NIEs take a median duration of 27 months, 12 months longer than NIEs using the regular track. It is crucial to acknowledge, however, that the dataset for the streamlined track is currently limited, comprising only five instances where sNIEs have utilized this pathway thus far.

sNIEs within the streamlined process encounter similar difficulties as IEs that use the regular accreditation track. However, for sNIEs these challenges are exacerbated by their limited institutional capacities.

*As an opportunity to improve efficiency, this evaluation recommends implementing **regular reviews of the process (R6)**. The AFB Secretariat should continue to implement regular reviews of the practice of the accreditation system. Such reviews should include a regular review of opportunities for enhancing clarity around the Adaptation Fund's expectations and reducing any redundancies or unnecessary bureaucratic formalities that are identified, including upon suggestion from the IEs and DAs.*

⁵ Adaptation Fund (2022). Lessons learned: Adaptation Fund's Streamlined Accreditation Process. Knowledge Product. Available at:

<https://www.adaptation-fund.org/document/lessons-learned-adaptation-funds-streamlined-accreditation-process/>

⁶ Decision B.36/42(a). In: Adaptation Fund Board (2021). Report of the Thirty-Sixth Meeting of the Adaptation Fund Board. AFB/B.36/10. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2021/06/AFB.B.36.10-Report-of-the-thirty-sixth-meeting-of-AFB-4-1.pdf>

⁷ Decision B.36/41. In: Adaptation Fund Board (2021). Report of the Thirty-Sixth Meeting of the Adaptation Fund Board. AFB/B.36/10. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2021/06/AFB.B.36.10-Report-of-the-thirty-sixth-meeting-of-AFB-4-1.pdf>

⁸ Decision B.36/42(b). In: Adaptation Fund Board (2021). Report of the Thirty-Sixth Meeting of the Adaptation Fund Board. AFB/B.36/10. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2021/06/AFB.B.36.10-Report-of-the-thirty-sixth-meeting-of-AFB-4-1.pdf>

Additionally, the evaluation reminds the AFB Secretariat of the recommendation made in its knowledge product "Lessons Learned: Adaptation Fund's Streamlined Accreditation Process"⁹. This recommendation suggests the development of guidelines that offer alternative approaches to fulfil the fiduciary standards required for the streamlined accreditation process. The proposed guidelines could provide alternative methods for potential sNIEs to comply with fiduciary standards and examples of mitigating processes that provide sufficient safeguards. This initiative could potentially expedite the accreditation process and establish a common understanding between the Accreditation Panel and sNIEs regarding acceptable mitigating measures. Building on this recommendation, the evaluation *encourages the development of more refined requirements that take into account more of the entities' characteristics (R7)*.

Time required for an entity to undergo re-accreditation

The median time required for implementing entities to go through the re-accreditation process is 12 months for the regular track, and 15 months for the fast-track. Across all tracks, NIEs have historically taken the longest time to undergo re-accreditation, with a median duration of 19 months. RIEs follow with 18 months, and MIEs have the shortest duration at 2 months. At the time of the evaluation, no NIE had used the streamlined track for re-accreditation.

A recent knowledge product of the Adaptation Fund¹⁰ on the re-accreditation process identified a number of challenges faced by IEs during the re-accreditation process that are relevant to its efficiency. These include: (i) capacity constraints, particularly for NIEs, in view of the amount of work required to pull together the re-accreditation application; (ii) difficulties to provide cases of fraud or evidence of cases submitted for newly formed grievance mechanisms, particularly for NIEs; (iii) demonstration of compliance with the Fund's Environmental and Social Policy (ESP) and the Gender Policy (GP) for RIEs and NIEs; (iv) legal agreements of the Fund do not provide the flexibility needed to accommodate MIE policy frameworks and internal requirements, particularly for the ESP and GP as well as the audit function; (v) language barriers for non-English speaking IEs; (vi) some of the information requested from the Fund may be confidential or marked internally and not for publication, which makes it difficult for some IEs to get clearance to provide such information; (vii) problems in understanding the requirements as stated in the re-accreditation application form; and (viii) the accreditation approach can be challenging as it examines whether the systems of an organization meet the criteria of the Fund and not how well an organization carries out the intent of the accreditation criteria.

Building on the challenges outlined above, this evaluation *suggests that the fast-track re-accreditation process should be significantly streamlined for faster approval (R5)*. And that the AFB Secretariat should continue to implement regular reviews of the practice of the accreditation system, including based on the recommendations outlined above (R6).

⁹ Adaptation Fund (2022). Lessons learned: Adaptation Fund's Streamlined Accreditation Process. Knowledge Product. p.7. Available at: <https://www.adaptation-fund.org/document/lessons-learned-adaptation-funds-streamlined-accreditation-process/>

¹⁰ Adaptation Fund (2022). Lessons Learned from the continuous process of capacity strengthening of Implementing Entities through re-accreditation to the Adaptation Fund. pp. 26-28. Available at: <https://www.adaptation-fund.org/document/lessons-learned-from-the-continuous-process-of-capacity-strengthening-of-implementing-entities-through-re-accreditation-to-the-adaptation-fund/>

Efficiency of the Accreditation Panel

The Accreditation Panel (AP) has been handling an increasing number of accreditation and re-accreditation applications since its first meeting. In its current operating model, including its interaction with the Secretariat, the AP has sufficient capacity to meet current demand.

Over the past six years, between the 27th and 40th meetings of the AP, a total of 27 different entities have been in the accreditation pipeline. Of those, ten organizations were at some point dormant, with an average "residence time" in the pipeline of six years. Notably, there is no evidence of any applicant transitioning from dormancy to successfully attain accreditation during this period.

Dormant applications by entities that have lost interest or are not suited to become IEs are a burden on everyone, most of all the entity itself. Applications by such entities are neither relevant for the ability of countries to reduce climate vulnerability nor effective. They are reducing the efficiency of the accreditation function, particularly of the Accreditation Panel. In addition, in the case of NIEs, they are "blocking" the pipeline for better-suited organizations, as countries can have only up to two NIEs.

The evaluation recommends improving the efficiency of the accreditation pipeline management (R4). Building on its upcoming Gap Analysis of the accreditation and re-accreditation process (Decision B.41/2), the AFB Secretariat should propose a policy for the efficient management of the accreditation pipeline. This policy should encompass the establishment of a time limit for an applicant's presence in the pipeline and a re-evaluation of the termination process for dormant applicants, i.e. candidate NIEs officially undergoing the accreditation process but not actively engaged for a given period of time.

Time between NIEs first accreditation and first project approval

Combining the accreditation period and the review period of the first project for NIEs, the average combined duration is 3.7 years - 1.25 years for accreditation and an additional 2.4 years for project approval.

The accreditation is valid for five years. If it takes about 2.4 years to get a project developed and approved, and this project takes any longer than 3 years to implement, the project will be finalized after the expiration of the accreditation. Currently, entities can request a grace period to achieve the re-accreditation process until the date of completion of its project financed by the Adaptation Fund. However, *this evaluation recommends to re-evaluate the five-year re-accreditation interval and, if necessary, suggest a formal proposal to alter the length of the accreditation duration (R6). Additionally, new models with differentiated requirements for accreditation for different project types and/or sizes could be considered which would allow to combine both periods into one (R7).*

Coherence between the AF and the GCF accreditation processes

There is a tracked record of dialogue and coordination between the Adaptation Fund and the Green Climate Fund (GCF). When the GCF was being established, the Adaptation Fund's accreditation system served as a reference for creating the GCF's system. Among others, this coordination has resulted in the operationalization of the fast-track accreditation and re-accreditation processes on the basis of operational complementarities between both funds.

At the time of this evaluation, the fast-track accreditation process was in its early stages. Since its approval as a new track in 2019, only five entities have been accredited using this option. However, early results are encouraging in that entities using the fast-track complete the

accreditation process faster than the ones that use the regular accreditation track¹¹. Additionally, the e-survey to IEs conducted in the framework of this evaluation shows that over 90 percent of respondents perceive the accreditation process, in general, as helpful for setting systems, policies and procedures in place to successfully apply for and manage climate finance from other funding institutions¹², such as the GCF. This was also supported by interviews with Accreditation Panel members and implementing entities.

The fast-track re-accreditation with the Fund has been widely used by different types of entities. As of September 2023, 22 entities were fast-tracked re-accredited for the first time, and four were fast-tracked re-accredited for the second time. IEs using this track have highlighted the many advantages of this modality, including opportunities for building communities of knowledge and exchange to better engage with other funds, such as the GCF¹³.

However, the evaluation also found that the fast-track re-accreditation process is not faster than the regular one. The median duration for implementing entities to complete the re-accreditation process is 12 months for the regular track and 15 months for fast-track.

D. Summary of Recommendations

The evaluation team has a number of specific recommendations for areas of improvement, which were presented in the previous section and are listed in this summary.

Recommendations	Type and Timeline / Owner of recommendations
<p>R1. Climate Rationale. Existing AF climate rationale and knowledge should be more emphasized in current accreditation related material, e-learning course and guidance toolkits. This shall facilitate a discussion of the thematic orientation of the applicant organisation and leverage co-benefits of the accreditation process with respect to technical competence.</p> <p>An assessment of the accreditation applicants’ capabilities and experience in identifying, designing, and implementing projects specifically related to climate change adaptation would be important. Key aspects to consider should include, for example, adaptation competence, the climate rationale of projects, climate risk assessment, and/or access to stakeholders exposed to climate risks or stakeholders that are able to implement locally led adaptation.</p>	<p><i>Strategic/Operational</i> <i>By March 2024</i></p> <ul style="list-style-type: none"> · The AFB Secretariat to include relevance of climate competence in Gap Analysis <p><i>By October 2024</i></p> <ul style="list-style-type: none"> · The AFB Secretariat to analyse and provide guidance on the skills and competences required to implement MTS (need assessment). · The AFB Secretariat to propose to the AF Board, for its consideration, ways on whether and how suggested additional criteria can be reviewed in the accreditation process.

¹¹ Based on the comparison of the median time that successfully accredited entities spent on each track.
¹² Results of the e-survey. Question 5 “The accreditation process was helpful in setting systems, policies and procedures in place to successfully apply for and manage climate finance grants from other funding institutions other than the Adaptation Fund.”, 22 respondents. See Appendix D. E-survey results summary.
¹³ Adaptation Fund (2022). Lessons Learned from the continuous process of capacity strengthening of Implementing Entities through re-accreditation to the Adaptation Fund. p. 23. Available at: <https://www.adaptation-fund.org/document/lessons-learned-from-the-continuous-process-of-capacity-strengthening-of-implementing-entities-through-re-accreditation-to-the-adaptation-fund/>

<p><i>[relevance, coherence]</i></p>	<ul style="list-style-type: none"> · AF Board to consider amending the accreditation process correspondingly.
<p>R2a. Updating OPG (re-)accreditation supporting materials. The OPG and the (re-)accreditation supporting materials should be updated to reflect the latest policy developments of the Fund, in particular, the new Evaluation Policy approved by the AFB in 2022. This process should include revisiting the re-accreditation criterion related to project performance assessments and aligning it with the project evaluation criteria outlined in the Fund's new Evaluation Policy.</p> <p><i>[relevance]</i></p> <p>R2b. The AFB Secretariat in collaboration with the AF-TERG should clarify how the assessment of past project performance is being integrated into the overall re-accreditation criteria, in alignment with the new Evaluation Policy.</p> <p><i>[relevance, effectiveness]</i></p> <p>R2c. The AF Board may wish to consider establishing a standard procedure for updating the OPG's annexes every time Fund policies are approved or amended by the Board. This procedure should include an automatism by which the AFB Sec proposes changes, and the Board approves them as soon as possible.</p> <p><i>[efficiency]</i></p>	<p><i>Operational</i> <i>By October 2024</i></p> <ul style="list-style-type: none"> · The AFB Secretariat to review alignment of (re-)accreditation materials with the Fund policy framework. · The AFB Secretariat in collaboration with the AF-TERG to propose to the Board adjustments to the (re-)accreditation materials to reflect updates in the policy framework. · The AFB Secretariat to suggest to the AF Board, for its consideration, a standard procedure to reviews the OPG's annexes every time Fund policies are approved or amended by the Board.
<p>R3. Capacity assessment and tailored readiness support. Early stages of the accreditation processes could include an assessment of the suitability and readiness of applicant entities, including concerning their capabilities and experience in identifying, designing, and implementing projects related to climate change adaptation. The capacity gaps identified in individual entities during the capacity assessment should guide the support provided to the entities, including through the readiness programme, for accreditation.</p> <p>In turn, this would support a more agile access to adaptation funding by NIEs once they are</p>	<p><i>Operational</i> <i>Longer Term (12 – 24 months)</i></p> <ul style="list-style-type: none"> · The AFB Secretariat to propose to the AF Board, for its consideration, ways to assess, early on in the accreditation process, the suitability and readiness of applicant entities to pursue accreditation with the Fund. · The AFB Secretariat and the Accreditation Panel to analyze the most prevalent capacity gaps in applicants.

<p>accredited and advance the Fund's mandate of assisting vulnerable developing country Parties in meeting the costs of adaptation.</p> <p><i>[effectiveness, efficiency]</i></p>	<ul style="list-style-type: none"> · The AFB Secretariat to design matching capacity-building modules and support instruments.
<p>R4. Pipeline Management. Building on its upcoming Gap Analysis of the accreditation and re-accreditation process (Decision B.41/2), the AFB Secretariat should present, for the Board's consideration, a policy for the efficient management of the accreditation pipeline. This policy should specifically look at strengthening the rules for elimination from the applicant pipeline. This consideration is crucial as eligible countries are limited to having a maximum of two NIEs, and dormant organizations have the potential to hinder the nomination of other entities for accreditation.</p> <p><i>[effectiveness, efficiency]</i></p>	<p><i>Strategic</i> <i>By March 2024</i></p> <ul style="list-style-type: none"> · The AFB Secretariat to present to the AF Board for approval a policy for the efficient management of the accreditation pipeline.
<p>R5. The fast-track re-accreditation needs to become faster. In addition to any action in pursuit of R6, and in order to identify strategies leading to the desired improvement, it is suggested to include fast-track re-accreditation as a central topic in the ongoing or a future Gap Analysis of the accreditation and re-accreditation process (Decision B.41/2).¹⁴</p> <p><i>[efficiency, coherence]</i></p>	<p><i>Strategic</i> <i>By October 2024</i></p> <ul style="list-style-type: none"> · The AFB Secretariat should further analyse the reasons behind the fast-track re-accreditation process taking longer time than the standard process. · The AFB Secretariat to propose to the AF Board adjustments to the fast-track procedures.
<p>R6. Regular Reviews of the process. The AFB Secretariat should continue to implement regular reviews of the practice of the accreditation system. Such reviews should include a regular review of opportunities for enhancing clarity around the Adaptation Fund's expectations and reducing any redundancies or unnecessary bureaucratic formalities that are identified, including upon suggestion from the IEs and DAs. Examples for items to revisit are the five-year re-accreditation interval, the fast-track re-accreditation process, and opportunities to standardize steps or templates.</p>	<p><i>Operational</i> <i>By October 2024 and as needed</i></p> <ul style="list-style-type: none"> · The AF Board to request the AFB Secretariat to implement regular reviews of the practice of the accreditation system.

¹⁴ Decision B.41/2 in Adaptation Fund Board (2023). Report of the Forty-First Meeting of the Adaptation Fund Board. AFB/B.41/11. Available at: <https://www.adaptation-fund.org/document/report-of-the-forty-first-meeting-of-the-afb-12-13-october-2023/>

<i>[relevance, effectiveness, efficiency]</i>	
<p>R7. Differentiation of accreditation requirements. The one-size-fits all approach is providing efficiency except for when it is not suited. For specific types of entities (e.g., government ministries, research institutions) and specific types of projects, the standards could be adjusted to still satisfy the Fund’s needs but better match the IEs’ needs. However, at this point there is no clarity if the benefits of more specific criteria schemes would outweigh the advantages. The AFB Secretariat should analyse and propose for the AF Board to consider new accreditation models with differentiated requirements for different project types and/or sizes and introduce new modalities as needed, including potentially a project-specific accreditation option. Experiences of the other funds should be taken into account.</p> <p><i>[relevance, effectiveness, efficiency]</i></p>	<p><i>Strategic</i> <i>Medium Term (6 – 12 months)</i></p> <ul style="list-style-type: none"> · The AFB Secretariat to assess the suitability of new accreditation models with differentiated requirements for accreditation for different entities / types of projects. · The AFB Secretariat to present options to the Board.

E. Conclusions and outlook

The evidence clearly shows that with the accreditation process, the AFB Secretariat has managed to put in place a functioning system that fulfils its purpose of facilitating broader access to climate finance resources. This sets the Fund in the position of a trailblazer on direct access and as a leader and role model among the climate funds. The very professional AFB Secretariat team did this with limited resources and high commitment. This is a big step for the global climate community.

Yet the evidence also shows that the system has its limitations. Overall, it is not very fast. Its efficiency lies in a high degree of standardization, and it is effective in raising entities' capacities due to its rigour. It can be seen as fair and efficient and thus well justified that high standards are upheld in (almost) the same manner across different types of organizations. But if in the future there is a high influx of applicants or different applicants are noted, the system would most likely reach its limits very fast.

In order to develop direct access further, the AF-TERG suggests three fundamental options:

- a) **Continue to implement incremental improvements to the existing process, relying on the (proven) competence of the AFB Secretariat and the AP.** Some of the suggestions for this are provided in this report, and avenues include the continued reviews undertaken by the AFB Secretariat (like the ongoing Gap Analysis). This will require continued attention by the Secretariat and discussions on how the scheme should be adjusted, and potentially increased resources for the process. There is some risk that this approach might result in "mission creep", i.e. a temptation to overload the process or increase pressure on in-house capacities of AFB Secretariat and AP.
- b) **Focus mainly on the fiduciary aspects,** with other substantive aspects (climate rationale, safeguards policies, gender policy, evaluation policy, other project management aspects) to be dealt with in other contexts, for example, through readiness support or during project implementation.
- c) **Rethink the process fundamentally to allow faster and broader access to the AF resources.**

The choice depends significantly on the expectations of the AF Board regarding the role that Direct Access and the NIEs should play, including with a view to the future. For instance, this might include consideration of issues as follows: Is there an optimal number of accredited entities given the current and projected resources available to the Fund? What is the expectation for the role of the NIEs, and is the process suited to support them? Currently, the number of countries with NIEs is comparatively low, and this warrants scrutiny. Are countries without NIEs successfully accessing climate adaptation financing, as well? If the role of NIEs should be bigger, how can we ensure that more entities become part of the system?

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Abbreviations and Acronyms

AF	Adaptation Fund
AFB	Adaptation Fund Board
AF-TERG	Technical Evaluation Reference Group of the Adaptation Fund
AML/CFT	Anti-money-laundering/countering the financing of the terrorism
AP	Accreditation Panel
COP	Conference of the Parties
DA	Designated Authority
EDA	Enhanced Direct Access
EQ	Evaluation Question
ESP	Environmental and Social Policy
ET	Evaluation Team
GCF	Green Climate Fund
GP	Gender Policy
IE	Implementing Entity
IP	Implementation Plan
KII	Key Informant Interview
LDC	Least Developed Country
MIE	Multilateral Implementing Entity
MTS	Medium-Term Strategy
NAPs	National Adaptation Plans
NIE	National Implementing Entity
OECD/DAC	Organization for Economic Co-operation and Development's Development Assistance Committee
OPG	Operational Policies and Guidelines
QA	Quality Assurance
RIE	Regional Implementing Entity
SIDS	Small Island Developing States
sNIE	Small National Implementing Entity
TE	Thematic Evaluation
the Fund	The Adaptation Fund
TOR	Terms of Reference
UNEG	United Nations Evaluation Group
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar

1 Background

The Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) is an independent evaluation advisory group, accountable to the Fund's Board (hereafter, 'the Board'), and functionally independent of the Adaptation Fund Board Secretariat (hereafter, 'the AFB Secretariat'). It was established to ensure the independent implementation of the Adaptation Fund's (hereafter, 'the Fund') Evaluation Framework, which was replaced by the Evaluation Policy in October 2023.

The AF-TERG Strategy and Work-Programme¹ (Workstream 1) focuses on the review and evaluation of the Medium-Term Strategy (MTS), thematic evaluations and the overall model and performance of the Fund. Thematic evaluations of the Fund's performance will provide perspectives on its core features, including the accreditation process and how it should be strengthened and scaled up to meet a potential increase in demand for Fund accreditation.

This report presents the findings of the Thematic Evaluation of the Fund accreditation process, which is extensively defined, discussed, and explained below. The evaluation covers the timeframe from March 2008 to October 2023².

The evaluation has the following objectives:

- To assess the relevance, effectiveness and efficiency of the accreditation and re-accreditation processes; and
- To assess the coherence and complementarity between the AF and the GCF accreditation processes through the fast-track modality.

This evaluation utilizes a mixed-method approach based on a review of Fund documents and associated literature and primary data collected via semi-structured key informant interviews (KIIs) and an e-survey (see Appendix A. Methodology). In addition to the evidence collected by the evaluation team, this evaluation builds on and complements recent studies conducted by the Adaptation Fund on the accreditation process, particularly the following three Fund knowledge products:

- a) Adaptation Fund (2022). Lessons learned: Adaptation Fund's Streamlined Accreditation Process.³
- b) Adaptation Fund (2022). Lessons Learned from the continuous process of capacity strengthening of Implementing Entities through re-accreditation to the Adaptation Fund.⁴
- c) Adaptation Fund (2019). Bridging the Gaps in Accreditation.⁵

¹ The first AF-TERG strategy and work programme was approved intersessionally in June 2020, between the first and second part of its thirty-fifth meeting. Having considered the document AFB/EFC.26.a-26.b/3 and the recommendation by the Ethics and Finance Committee, the Board decided to approve the draft strategy and work programme of the AF-TERG contained in Annex I of the document AFB/EFC.26.a-26.b/3 (Decision B.35.a-35.b/29).

² The evaluation encompasses the period from the initial meeting of the Adaptation Fund Board to its forty-first meeting in October 2023.

³ Adaptation Fund (2022). Lessons learned: Adaptation Fund's Streamlined Accreditation Process. Available at: <https://www.adaptation-fund.org/document/lessons-learned-adaptation-funds-streamlined-accreditation-process/>

⁴ Adaptation Fund (2022). Lessons Learned from the continuous process of capacity strengthening of Implementing Entities through re-accreditation to the Adaptation Fund. Available at: <https://www.adaptation-fund.org/document/lessons-learned-from-the-continuous-process-of-capacity-strengthening-of-implementing-entities-through-re-accreditation-to-the-adaptation-fund/>

⁵ Adaptation Fund (2019). Bridging the Gaps in Accreditation. Available at: <https://www.adaptation-fund.org/document/bridging-the-gaps-in-accreditation/>

The key audience who will benefit from the findings of this evaluation encompasses the AF Board, the AFB Secretariat, the Accreditation Panel (AP), Designated Authorities (DAs) and current and prospective Implementing Entities (IEs).

This report is organized into five different sections. Section 1 defines the framework and objectives of the study, as well as the target audience. Section 2 provides relevant information regarding the role of accreditation within the Adaptation Fund, detailing the accreditation process, the type of accredited entities and the various tracks available for accreditation and re-accreditation. It further details the status of eligible countries, according to whether they have designated authorities and national implementing entities, and if they have accessed the Fund's resources for financing adaptation efforts on the ground. Section 3 outlines the sources of evidence used and the limitations of this evaluation. Section 4 provides an in-depth analysis of the accreditation process, dissecting it based on the criteria of relevance, effectiveness, and efficiency, thereby providing evidence in support of the recommendations outlined in the consecutive section. Additionally, it assesses the coherence and complementarity between the AF and the GCF accreditation processes through the fast-track modality. Section 5 consolidates the key recommendations proposed by the evaluation team, aiming to enhance the effectiveness, efficiency, and relevance of the accreditation process. Section 6 provides an outlook and further recommendations for future evaluative work.

2 Accreditation at the Adaptation Fund

Accreditation within the Adaptation Fund is pivotal in facilitating access to financial resources for climate adaptation projects and programmes by developing country Parties to the Kyoto Protocol and the Paris Agreement⁶. To access these funds, eligible Parties must utilize one of three types of implementing entities (IEs): National Implementing Entities (NIEs), Regional Implementing Entities (RIEs)⁷, or Multilateral Implementing Entities (MIEs).

The accreditation process is the cornerstone of this relationship, serving as a mechanism through which implementing entities demonstrate their capacity to adhere to the administrative and financial management guidelines set forth by the Fund. After accreditation, entities can enter into contractual relationships with the Fund. Accreditation essentially lays the foundation for a transfer of funds and the successful implementation of projects within developing country Parties.

The accreditation process was established to operationalize the mandate given by the Conference of the Parties, serving as the meeting of the Parties to the Kyoto Protocol (CMP) to the Adaptation Fund Board (AF Board)⁸. This mandate aimed to finance concrete adaptation projects and programmes that are country-driven and aligned with the needs, views, and priorities of eligible Parties. The Adaptation Fund was the first climate fund to introduce the "direct access" modality, which broadens the range of IEs to include organisations that are proposed by individual Parties. Under this modality, accredited NIEs may directly access financing and take full control of all aspects of climate adaptation and resilience projects, from project design to implementation and monitoring⁹. This approach offers developing countries greater ownership and autonomy in addressing their specific adaptation needs¹⁰. Each country may nominate and accredit up to two NIEs¹¹.

The accreditation process has evolved gradually over time, involving several key steps: (i) In 2008, the AF Board developed criteria and guidelines for accrediting legal entities to ensure consistent application of international fiduciary standards to approved adaptation programs and projects¹²; (ii) In 2009, the AF Board adopted the Terms of Reference for the establishment of the AFB Accreditation Panel, providing a structured framework for the accreditation process¹³; (iii) During the same year, the AFB Secretariat initiated the process by inviting Eligible Parties and potential Multilateral Implementing Entities to submit proposals for

⁶ Adaptation Fund (2022). Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund (OPG), (AMENDED IN OCTOBER 2022). p.5. Available at: https://www.adaptation-fund.org/wp-content/uploads/2017/08/Amended-OPG_Oct-2022_2.pdf

⁷ Even though the Fund accepted applications of RIEs since 2011, it wasn't until 2021 that the AF Board approved the "self-certified assessment tool" for RIE classification, and a definition for RIEs was also endorsed. The definition of a RIE can be found in AFB/EFC.27/11. Available at: https://www.adaptation-fund.org/wp-content/uploads/2021/03/AFB.EFC_27.11-Classification-of-IE-Applicant-as-RIE_March-25.pdf

⁸ Decision 1/CMP.3 (5c) in: FCCC/KP/CMP/2007/9/Add.1. Available at: https://www.adaptation-fund.org/wp-content/uploads/2015/01/Decision_1-CMP.3.pdf.

⁹ Adaptation Fund (2018). Climate Adaptation Finance: Direct Access. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2018/11/Direct-Access-English-Nov2018-web.pdf>

¹⁰ Ibid.

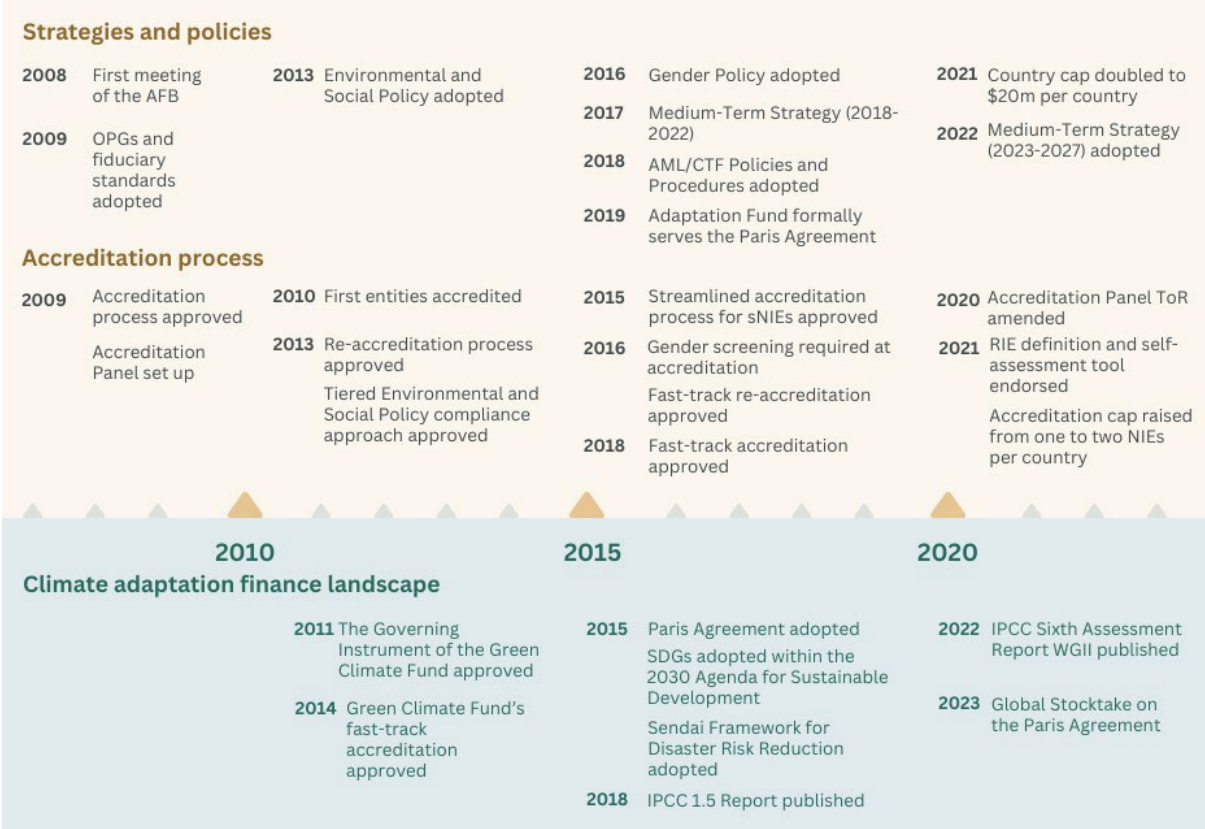
¹¹ Decision B.36/42 in: Adaptation Fund Board (2021). Report of the Thirty-Sixth Meeting of the Adaptation Fund Board. AFB/B.36/10. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2021/06/AFB.B.36.10-Report-of-the-thirty-sixth-meeting-of-AFB-4-1.pdf>

¹² Decision D/AFB/B.3/4 in: Adaptation Fund Board (2008). Report of the Third Meeting of the Adaptation Fund Board. AFB/B.3/15. Available at: <https://www.adaptation-fund.org/document/report-of-the-third-meeting-of-the-afb-september-15-18-2008/>

¹³ Decision B.7/3 in: Adaptation Fund Board (2009). Report of the Seventh Meeting of the Adaptation Fund Board. AFB/B.7/13. Available at: https://www.adaptation-fund.org/wp-content/uploads/2015/01/Final_Report_AFB_7.pdf

accreditation to the AF Board¹⁴; and (iv) In January 2010, the Accreditation Panel officially commenced its work, overseeing the evaluation and accreditation of implementing entities.¹⁵ Figure 1 provides a visual summary of the key events and contextual information leading to access through accreditation to the Adaptation Fund.

Figure 1. Summary of the key events and contextual information related to accreditation in the Adaptation Fund



¹⁴ As per Decision B.7/5 in: Report of the Seventh Meeting of the Adaptation Fund Board. AFB/B.7/13. Available at: https://www.adaptation-fund.org/wp-content/uploads/2015/01/Final_Report_AFB_7.pdf

¹⁵ Adaptation Fund Board (2010). Report of the Accreditation Panel. Available at: https://www.adaptation-fund.org/wp-content/uploads/2015/01/AFB.B.9.4_Report%20of%20the%20Accreditation%20Panel.pdf

2.1 The accreditation process

The accreditation standards

To achieve accreditation, entities must demonstrate their adherence to the Adaptation Fund operational policies and guidelines¹⁶. These guidelines are outlined in the Fund's Operational Policies and Guidelines (OPG), specifically detailed in Annex 6, which contains the Accreditation Application Form¹⁷. This form not only explains how the applicant organization should fulfil the specific mandated capabilities but also specifies the type of supporting documentation required for this purpose. These capabilities are structured within a set of accreditation standards that encompass the following broad categories:

- Legal status: Status to contract with the Adaptation Fund Board [OPG, Annex 6, Section II].
- Financial and management integrity: Accurate recording of transactions, disbursing funds on a timely basis, and audited periodically by an independent firm or organization [OPG, Annex 6, Section II].
- Institutional capacity: Ability to manage procurement procedures, ability to identify, formulate and appraise projects/programmes, competency to manage or oversee the execution of the project/programme, competency to undertake monitoring and evaluation, including monitoring of measures for the management of environmental and social risks [OPG, Annex 6, Section III].
- Transparency, self-investigation, & anti-corruption: Mechanism to monitor and address complaints about environmental or social harms caused by projects [OPG, Annex 6, Section IV].
- Compliance with Adaptation Fund's Gender Policy [OPG, Annex 6, Section IV].

Accreditation steps and roles of the AFB Secretariat and Accreditation Panel

The regular accreditation process involves several distinct steps, as illustrated in Figure 2. The initial step for an NIE starts with its nomination by a Designated Authority (DA). In the case of RIEs, they must obtain a letter of support from the DAs of at least two of the countries in which they operate¹⁸. In contrast, MIEs are invited directly by the Board to apply for accreditation and do not need to provide an endorsement letter as part of their application¹⁹.

Applications and supporting documentation are submitted by entities through the Adaptation Fund's Accreditation Workflow online system²⁰. Following the submission of an application, the AFB Secretariat first conducts a completeness review, and then provides the documentation to the Accreditation Panel (the Panel) for its assessment.

¹⁶ Decision D/AFB/B.3/4 in: Adaptation Fund Board (2008). Report of the Third Meeting of the Adaptation Fund Board. AFB/B.3/15. Available at: file:///C:/Users/User/Documents/00_Mariana/2021/AF_TERG/AF%20Databases/Board%20meeting%20reports/3_2008_AFB.B.3.15_Report_of_Third_AFB_Meeting.pdf

¹⁷ See Accreditation Application Form. Available at: https://www.adaptation-fund.org/wp-content/uploads/2016/04/Accreditation-Application-Form_OPG-Annex-6_English_REVISED.pdf

¹⁸ RIEs typically consist of member countries from a certain region.

¹⁹ Adaptation Fund (n.d.). Accreditation. Adaptation Fund Website. Last visited on 14 January 2024. Available at: <https://www.adaptation-fund.org/apply-funding/accreditation/>

²⁰ Access to this platform is granted once the Fund receives a nomination letter.

The Accreditation Panel consists of four independent experts serving as Panel Members, and two members of the AF Board serving as Chair and Vice-Chair. The Chair and Vice-Chair are nominated and selected by the AF Board, one from an Annex I Party and the other from a non-Annex I Party, ensuring a balanced representation.²¹ Panel members are required to sign an oath of service²², in which they commit to disclosing any conflicts of interest and maintaining the confidentiality of any information related to their duties. Their work is guided by Terms of Reference²³.

The AFB Secretariat designates a lead reviewer and co-reviewer among the independent Panel experts to assess the application. The review process often involves teleconferences or online video calls with the applicant entities to clarify open questions. In exceptional cases, on-site visits might take place. Once the independent Panel experts conclude the review, they present the case to the entire Accreditation Panel. If an agreement is reached, the Panel issues a recommendation to the AF Board to accredit the organization.

In cases where the Panel cannot endorse accreditation, it recommends against it and further recommends the AF Board to instruct the AFB Secretariat to communicate the Panel's observations to the applicant. Based on these observations, an eligible Party may resubmit its application after addressing the requirements of the Board or submit an application nominating a new NIE. An applicant RIE or MIE that does not meet the criteria for accreditation may also resubmit its application after addressing the requirements of the Board²⁴.

The final decision on accreditation is taken by the AF Board. This method ensures the independence of the expert review, excludes potential Board influences, and prevents conflicts of interest. The entity is accredited for five years, after which the entity must be re-accredited²⁵.

The Adaptation Fund charges no fees related to the accreditation process to applicant entities.

²¹ In alignment with the General Guidelines for Board Committees that applies mutatis mutandi to the Accreditation Panel, "the Board shall elect the Chair and Vice-Chair of each Committee, with one being a member from an Annex I Party and the other being from a non-Annex I Party". Source: Adaptation Fund (2020). Terms of Reference for the Establishment of the Adaptation Fund Board Accreditation Panel. Paragraph 16. Available at: https://www.adaptation-fund.org/wp-content/uploads/2020/05/Amended-May-2020_TERMS-OF-REFERENCE-FOR-THE-ACCREDITATION-PANEL-2.pdf

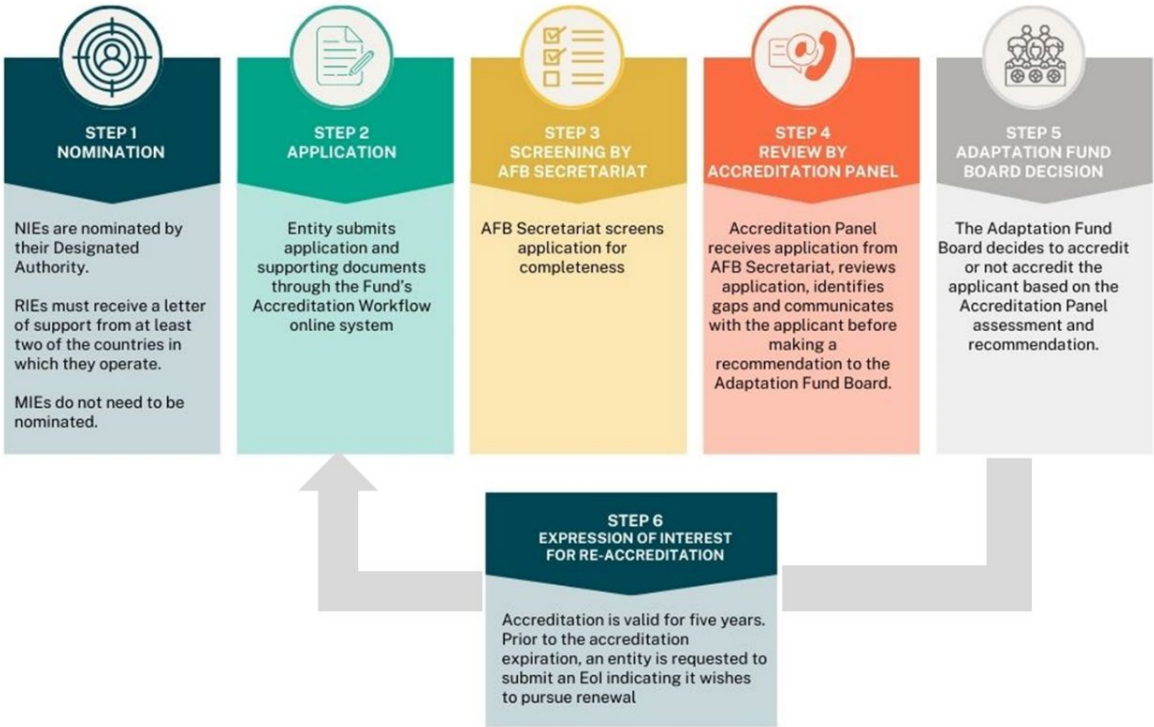
²² Adaptation Fund Board (2009). Report of the Sixth Meeting of the Adaptation Fund Board. AFB/B.6/14. Annex III. Available at: https://www.adaptation-fund.org/wp-content/uploads/2015/01/AFB.B.6.14.final_report.pdf

²³ Adaptation Fund (2020). Terms of Reference for the Establishment of the Adaptation Fund Board Accreditation Panel. Available at: https://www.adaptation-fund.org/wp-content/uploads/2020/05/Amended-May-2020_TERMS-OF-REFERENCE-FOR-THE-ACCREDITATION-PANEL-2.pdf

²⁴ Adaptation Fund (2022). Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund (OPG), (AMENDED IN OCTOBER 2022). p.9. Available at: https://www.adaptation-fund.org/wp-content/uploads/2017/08/Amended-OPG_Oct-2022_2.pdf

²⁵ Adaptation Fund Board (2018). Efficiency and Effectiveness of the Accreditation Process (Report). AFB/EFC.22/4. Available at: https://www.adaptation-fund.org/wp-content/uploads/2018/03/Final_AFB.EFC_22.4_Efficiency-and-effectiveness-of-the-accreditation-process_12March2018.pdf

Figure 2. Steps of the regular accreditation process



Accreditation tracks

Currently, entities may undergo the accreditation process using one of three different tracks: the regular accreditation process (explained above), the streamlined accreditation process, and the fast-track accreditation process. As summarized in Table 1, while all tracks secure that applicants comply with the Fund's OPG, each has specific eligibility criteria and key features.

The fast-track accreditation enables potential entities that had been accredited by the GCF within the last four years prior to the submission of the application to the Fund and that meet the eligibility criteria of the Operational Policies and Guidelines of the Fund²⁶ to have an expedited accreditation process. This process involves leveraging part of the due diligence conducted by the GCF's Accreditation Panel for the same entity to inform the Fund's Accreditation Panel decision.²⁷ Applicants who have already undergone an assessment against the GCF's Environmental and Social Safeguards and Gender Policy will not undergo a separate review for compliance with the Fund's internal standards. However, they are still required to furnish a commitment statement, affirming their commitment to adhere to the Fund's environmental and social policy as well as its gender policy. Additionally, they must demonstrate the existence of a mechanism to address complaints arising from projects or programmes related to these policies. The Fiduciary Standard related to the legal status of the entities will be reviewed by the Fund.²⁸ The rationale of the fast-track accreditation process is

²⁶ Decision B.32/1 in Adaptation Fund Board (2019). Report of the Thirty-Second Meeting of the Adaptation Fund Board. AFB/B.32/12. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2019/02/AFB.B.32.12-Report-of-the-32nd-meeting.pdf>

²⁷ Adaptation Fund Board (2016). Effectiveness and Efficiency of the Accreditation Process. AFB/EFC.19/7/Rev.1. Available at: https://www.adaptation-fund.org/wp-content/uploads/2016/09/AFB-EFC19-7-Rev.1_Effectiveness-and-efficiency_Gap-Analysis-GCF.pdf

²⁸ As per Decision B.28/38 (re-accreditation) and Decision B.32/1 (accreditation). Both decisions reference to document: Adaptation Fund Board (2016). Effectiveness and Efficiency of the Accreditation Process (...). Afb/Efc.19/7/Rev.1. p.2, Available at: https://www.adaptation-fund.org/wp-content/uploads/2016/09/AFB-EFC19-7-Rev.1_Effectiveness-and-efficiency_Gap-Analysis-GCF.pdf

to increase the efficiency of the Accreditation Panel by reducing duplication of work between the funds and unnecessary administrative burden for applicant entities.²⁹

The streamlined accreditation process opens the possibility for smaller NIEs to access the resources of the Fund while considering the limited capacities of these entities. Instead of having to fully demonstrate compliance with the Fiduciary Standards using the typically applied means of demonstration, applicants can submit alternative documentation for each accreditation standard that shows how it mitigates risk, while still respecting the Fund's policies.³⁰

Re-accreditation

The accreditation is valid for a period of five years. Eighteen months prior to the expiration of the entity's accreditation, the entity is notified by both a letter from the AFB Secretariat and an automatic notification generated by the online accreditation system of the need for re-accreditation. The Re-Accreditation Process document³¹ details the process and timelines set out for an entity to renew its accreditation with the Fund, aiming to minimize any time gaps between the expiration of accreditation and the approval of re-accreditation to the degree possible.³² There are currently two tracks through which entities can get re-accredited: regular and fast-track (see description in Table 1).

Entities are advised to submit their re-accreditation applications and supporting documents through the online system 12 months before the accreditation expiry date. Failure to do so may prompt the Accreditation Panel to recommend the Board to change the entity's status from "Accredited" to "Not-Accredited", given that considerations specified in the Re-Accreditation Process document³³ apply. For NIEs, the AFB Secretariat communicates with the Designated Authority (DA) of the NIE's country. For RIEs, similar communications are sent to the DAs of the member countries that endorsed the RIE's accreditation. If the entity has accessed the Fund's financial resources, additional communications are sent to DAs of countries where the Fund's projects are implemented. Entities implementing Fund-financed projects without a re-accreditation application by the accreditation expiration date can request a grace period. If the entity does not achieve re-accreditation within three years from its accreditation expiry date, the Accreditation Panel will make a recommendation to the AF Board to change the status of the entity to "Not-Accredited".³⁴

²⁹ Adaptation Fund Board (2018). Efficiency and Effectiveness of the Accreditation Process. AFB/EFC.22/4. Available at: https://www.adaptation-fund.org/wp-content/uploads/2018/03/Final_AFB.EFC_.22.4_Efficiency-and-effectiveness-of-the-accreditation-process_12March2018.pdf

³⁰ Adaptation Fund Board (2015). Streamlined Accreditation Process. AFB/EFC.16/7/Rev.1. Available at: https://www.adaptation-fund.org/wp-content/uploads/2015/04/AFB.EFC_.16.7.Rev_.1-Streamlined-accreditation-process.pdf

³¹ Adaptation Fund (2019). Re-Accreditation Process (Approved on 26 October 2013; Revised on 11 October 2019). Available at: https://www.adaptation-fund.org/wp-content/uploads/2016/05/Re-accreditation-process_revised-in-Oct-2019-1.pdf

³² Idem

³³ Idem

³⁴ Idem

Table 1. Key Features of Accreditation Tracks³⁵

Accreditation track	Eligibility	Key features
Regular accreditation	Any invited multilateral entity, or regional or national entities that were nominated by a developing country's Designated Authority.	The Accreditation Panel undertakes a review to ensure that the applicant entities meet the accreditation standards set by the Board. These include fiduciary standards, adherence to the Fund's Gender Policy, and implementation of environmental and social safeguards.
Fast-track accreditation	Entities that are eligible for regular accreditation and were accredited by GCF within four years prior to the submission of their application to the Fund.	The fast-track accreditation aims to reduce duplication between the work of the Adaptation Fund's and the GCF's respective Accreditation Panels. Under this track, the Fund's Accreditation Panel largely relies on the due diligence carried out by the GCF's Accreditation Panel for the same entity to make their decision. ³⁶
Streamlined accreditation	Entities that are eligible for regular accreditation and are typically executing or implementing projects up to 1 million USD, have up to 25 professional staff working on project execution or implementation, and have an annual administrative expense of up to 1 million USD. Final determination of eligibility under this track is, however, determined on a case-by-case basis.	The streamlined accreditation process entails no changes to the fiduciary standards, but it includes mitigating measures and controls that smaller entities would need in order to demonstrate the required competencies. It also enables the Board to accredit small entities with conditions, if needed, that reflect the type of the entity, its size, and risk profile. ³⁷
Re-accreditation track	Eligibility	Key features
Regular re-accreditation	Entities that are already accredited with the Adaptation Fund, prior to the expiration of their accredited status.	Accreditation under all tracks is granted for a period of 5 years. As this period nears expiration, entities have to reapply to maintain their accredited status. The re-accreditation process focuses on continued compliance with the Fund's fiduciary standards, compliance with Environmental and Social, and Gender Policies, and the results of the assessment of the implementing entity's performance regarding its portfolio with the Fund, as well as AML/CFT. ³⁸
Fast-track re-accreditation	Entities that are already accredited with the Adaptation Fund and are eligible for regular re-accreditation. At the same time, they also have an accredited status with the GCF.	In fast-track re-accreditation, the focus is on fiduciary standards related to legal personality, the commitment of the IE to apply the Fund's Environmental and Social Policy (ESP) and the Gender Policy (GP), mechanisms to deal with complaints, anti-money-laundering/countering the financing of the terrorism (AML/CFT), and any conditions that were attached to an entity's accreditation with the GCF. ³⁹

³⁵ Source: own construction.

³⁶ Adaptation Fund Board (2016). Effectiveness and Efficiency of the Accreditation Process. AFB/EFC.19/7/Rev.1. Available at: https://www.adaptation-fund.org/wp-content/uploads/2016/09/AFB-EFC19-7-Rev.1_Effectiveness-and-efficiency_Gap-Analysis-GCF.pdf

³⁷ Adaptation Fund Board (2015). Streamlined Accreditation Process. AFB/EFC.16/7/Rev.1. Available at: https://www.adaptation-fund.org/wp-content/uploads/2015/04/AFB.EFC_16.7.Rev_1-Streamlined-accreditation-process.pdf

³⁸ Adaptation Fund (2019). Re-accreditation Process. AFB/EFC.16/7/Rev.1. Available at: https://www.adaptation-fund.org/wp-content/uploads/2016/05/Re-accreditation-process_revised-in-Oct-2019.pdf

³⁹ Idem

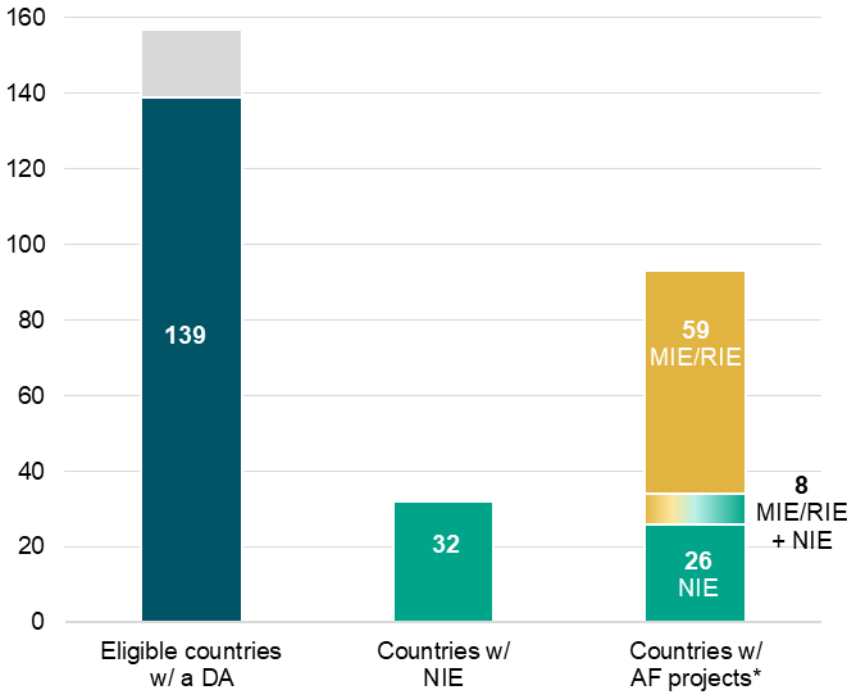
2.2 The accreditation in numbers

As of September 2023,⁴⁰ 139 country parties have appointed a Designated Authority (DA), which is a prerequisite for them to apply for accreditation by the Fund. From those, 32 have one NIE, with no country having two (see Figure 3).

The Adaptation Fund has a total of 55 accredited entities, 32 of them are National Implementing Entities (NIEs), 14 are Multilateral Implementing Entities (MIEs), and 9 are Regional Implementing Entities (RIEs)⁴¹ (Figure 4). Of the 32 NIEs, 10 are from Least Developed Countries (LDCs) and seven from Small Islands Developing States (SIDS)⁴².

Accredited entities have a total approved funding of USD 1138 million for implementing 164 adaptation projects and programmes⁴³ in 93 different countries. Among these 93 countries, 26 have projects approved for implementation or currently under implementation exclusively through their NIEs, 59 countries have utilized solely MIEs and/or RIEs, and eight countries have accessed adaptation finance through both NIEs and RIEs/MIEs (see Figure 3).

Figure 3. Number of eligible countries with designated authorities, NIEs and approved projects



* Projects do not include readiness grants and learning grants

While NIEs make up 58 per cent of these implementing entities, their share of the approved funds for project implementation stands at only 20 per cent (see Figure 5). The majority of project funding is channelled through MIEs. One notable example is the UN Development Programme, which has 29 approved projects with the Fund, accounting for 17 per cent of the total approved project budget.

⁴⁰ The evaluation encompasses the period from the initial meeting of the Adaptation Fund Board to its forty-first meeting in October 2023.

⁴¹ Adaptation Fund Board (2023). Report of the Fortieth Meeting of the Accreditation Panel. AFB/B.41/4. Available at: https://www.adaptation-fund.org/wp-content/uploads/2023/10/AFB.B.41.4_AP40-Report.pdf

⁴² Adaptation Fund (n.d.). Implementing Entities. Adaptation Fund Website. Last visited on October 2023.

⁴³ Excluding readiness grants and learning grants.

Figure 4. Accredited Implementing Entities by type, as of October 2023.⁴⁴

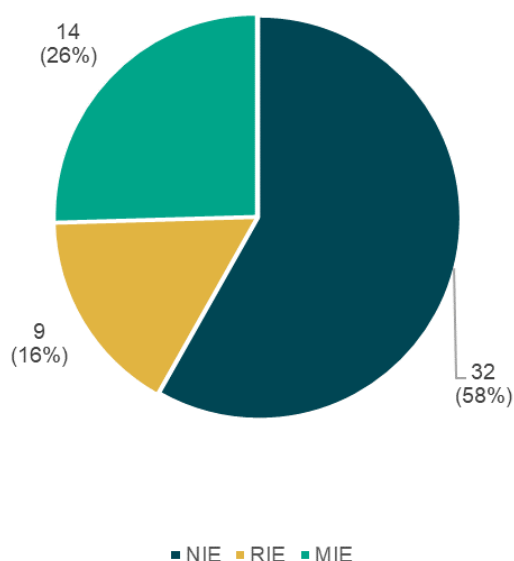


Figure 5. Total amount of approved grants (Mio. USD) per type of implementing entity, as of October 2023.⁴⁵

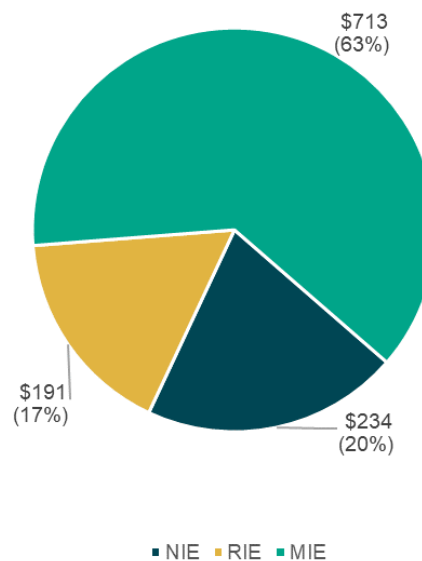


Table 2 provides a detailed breakdown of the accredited entity portfolio, categorized by both entity type and accreditation track. Out of the 55 entities, five were accredited through fast-track and another five were accredited through streamlined accreditation.

Table 2. Breakdown of accredited entities per type and accreditation track, as of September 2023⁴⁶

	Total	NIE	RIE	MIE
Total number of accredited IEs	55	32	9	14
Regular accreditation	45	26	7	12
Fast-track accredited	5	1	2	2
Streamlined accreditation	5	5	n/a	n/a
Total number of re-accredited IEs	36	19	6	11
First-time re-accreditation	36	19	6	11
<i>First-time Regular re-accreditation</i>	14	6	1	7
<i>First-time Fast-track re-accredited</i>	22	13	5	4
Second-time re-accreditation	7	1	0	6
<i>Second-time Regular re-accreditation</i>	1	-	-	1
<i>Second-time Fast-track re-accredited</i>	6	1	-	5

Regarding re-accreditation, 36 entities have been at least once re-accredited (19 NIEs, 6 RIEs, and 11 MIEs).⁴⁷ Among these, 14 entities underwent the regular accreditation track, while 22 opted for the fast track for their first re-accreditation. Additionally, seven entities have

⁴⁴ Source: Own analysis. Based on the Adaptation Fund project database. Available at: <https://www.adaptationfund.org/projects-programmes/>. Retrieved on 14 December 2023.

⁴⁵ Information excludes readiness grants and learning grants. Source: Own analysis. Based on the Adaptation Fund project database. Available at: <https://www.adaptationfund.org/projects-programmes/>. Retrieved on 14 December 2023.

⁴⁶ Data source: compiled by the AF-TERG from Accreditation Panel meeting reports.

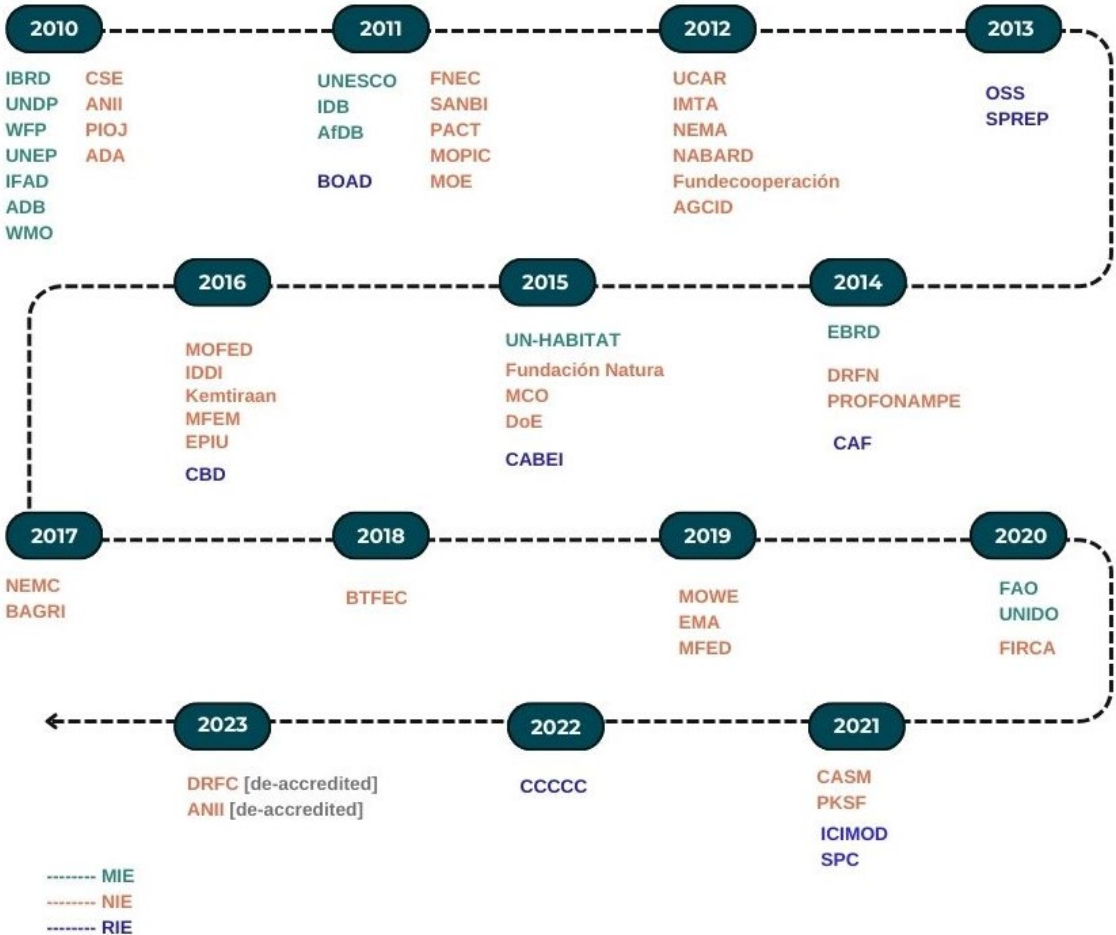
⁴⁷ Adaptation Fund Board (2023). Report of the Fortieth Meeting of the Accreditation Panel. AFB/B.41/4. Available at: https://www.adaptation-fund.org/wp-content/uploads/2023/10/AFB.B.41.4_AP40-Report.pdf

successfully obtained a second re-accreditation, with one using the regular track and six using the fast track.

As illustrated in Figure 6, since the inception of the accreditation process in 2009, the Fund has consistently accredited new entities each year. The sole exception occurred in 2023, when no new entities obtained accreditation.

In that same year, for the first time, two entities (NIEs) lost their accreditation status based on the recommendation of the Panel and in compliance with the re-accreditation policy⁴⁸. One of these entities had originally obtained accreditation in 2010 through the regular track. In 2015, upon the expiration of its accreditation status, it submitted a re-accreditation application. However, this evaluation found no evidence of progress in submitting the additional information/documentation requested by the Panel since then. The second NIE, accredited in 2014 via the regular accreditation modality, also initiated the re-accreditation process. However, despite being granted a 3-year grace period and an additional six-month temporary extension due to Covid-19, the re-accreditation remained incomplete. Notably, both of these entities accessed adaptation funding with the Fund before losing their accreditation status.

Figure 6. Timeline of entities gaining accreditation⁴⁹



Methodology

⁴⁸ Adaptation Fund Board (2023). Report of the Fortieth Meeting of the Adaptation Fund Board. AFB/B.40/14. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2023/05/AFB.B.40.14-Report-of-the-40th-meeting-of-the-AFB.pdf>

⁴⁹ Idem

The evaluation team employed a mixed-method approach, adhering to AF-TERG work principles. This approach involved reviewing Fund documents and relevant literature, conducting semi-structured key informant interviews, and conducting an e-survey.

The team gathered evidence from various sources, as outlined in Table 3, and triangulated this information during the analysis to address the evaluation questions. The findings, which are rooted in this evidence, are presented in Section 4 of the report.

The main limitations encountered during the evaluation are detailed below.

Table 3. Methods used in the evaluation.

Sources of evidence	Description
Document review	An in-depth desk review of relevant documents informed this evaluation. These documents included the Fund's documents and knowledge products, Accreditation Panel reports, AFB documents and decisions, and other accreditation and readiness documents.
e-survey	The e-survey was sent by email to all of the focal points of the Fund's IEs (including 34 NIEs, 9 RIEs and 14 MIEs). The e-survey took place from April 17th to May 2nd, 2023. A total of 22 complete responses to the e-survey were collected (40% of all IEs). Three rounds of reminder emails were sent to all IE focal points during the data collection phase. The e-survey gathered both qualitative and quantitative information through coded responses, such as agree/disagree statements and ranked perspectives, with the possibility of further elaborating their responses. Due to its exploratory nature, the e-survey did not have a minimum non-response rate. Quantifiable survey results are reported in the aggregate, and individual comments included in the report were stripped of any personal identifying information. See Appendix C. E-survey response form and Appendix D. E-survey results summary.
Remote key informant interviews (KII)	<p>Remote key informant interviews (KII) were conducted with selected stakeholders who were well-positioned to provide insight into the objectives of this assignment. Particularly, KII were used to explore the issues that arose from the document review and key e-survey. A total of 25 interviews were undertaken for this evaluation (see Appendix A. List of Key Informant Interviews). Interviewees included the AF Board, AFB Secretariat, Accreditation Panel, IEs and other key informants from similar funds. Topical outlines were used to guide key informant interviews, presented in Appendix B. Qualitative Topical Outline Tool. The topical outlines are illustrative of the interview questions the evaluation team used. They should not be viewed as questionnaires.</p> <p>Key informants for the remote interviews were identified using a purposive sampling approach (snowball sampling technique). Through this method, the evaluation team began interviews with a short list of crucial stakeholders identified by AF-TERG. During those interviews, the evaluation team asked the informant what other stakeholders should be interviewed for the purpose of this evaluation. This approach was continued until no new stakeholders were identified.</p>

Limitations to the study

There were three notable limitations to this thematic evaluation.

- First, there was a limitation of data availability. Confidential data, including application submissions and application process details, were not accessible to the evaluation team. The evaluation team relied on publicly available data reported by the AFB Secretariat and the Accreditation Panel. This affected the assessment of the efficiency of the accreditation process. This also affected the depth in which the accreditation process could be assessed. For example, dates of milestones in the accreditation process, such as the nomination dates of NIEs, the application submission and re-submission dates, and the date of application handover from AFB Secretariat to the Accreditation Panel, are often unavailable publicly. In the cases in which submission dates are reported, they are often inconsistent between different data sources.
- Regarding the information reported during interviews and survey responses, the largest limitation was recollection bias, which was high given that the evaluation covers a very long period, from 2008 to 2023. Relying solely on individuals' memories, such as those shared in interviews, to gather information about events that occurred over ten years ago can lead to unreliable or incomplete data. To address this potential issue and enhance the accuracy and dependability of the study's findings, the Evaluation Team adopted a multi-pronged approach. They cross-verified information by using various sources, including reviews, reports, evaluations, and existing literature. Moreover, in exceptional cases where interviewees were not involved in the IE's accreditation process and could not provide relevant information, their responses were excluded from the analysis.
- The number of IEs interviewed directly for this evaluation was limited. The e-survey provided more comprehensive and representative information but is limited in depth. For this reason, combined with the avoidance of using confidential data, it was not possible for the evaluation to understand and analyse the reasons for potential delays in the accreditation process or the intensity of the accreditation process. The evaluators had to rely on indirect information about these aspects.

3 Findings and recommendations

3.1 Relevance of the Fund accreditation process

In the context of this evaluation, relevance is understood as the extent to which the objectives and design of the accreditation and re-accreditation process “respond to beneficiaries, global, country, and partner/institution needs, policies, and priorities, and continue to do so if circumstances change”⁵⁰. Accordingly, the evaluation has appraised the pertinence of the Fund's accreditation process across two dimensions:

- a) relevance to Fund strategies (and, by extension, to the UNFCCC and the broader climate change adaptation community), and
- b) relevance to beneficiary countries

⁵⁰ OECD/DAC Network on Development Evaluation (2019). Better Criteria for Better Evaluation Revised Evaluation Criteria Definitions and Principles for Use. Available at: <https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>

Recommendations:

R1. Climate Rationale. The Fund's climate rationale and knowledge should be more emphasized in current accreditation related material, e-learning course, and guidance toolkits. This shall facilitate a discussion of the thematic orientation of the applicant organisation and leverage co-benefits of the accreditation process with respect to technical competence.

An assessment of the accreditation applicants' capabilities and experience in identifying, designing, and implementing projects specifically related to climate change adaptation would be important. Key aspects to consider should include, for example, adaptation competence, the climate rationale of projects, climate risk assessment, and/or access to stakeholders exposed to climate risks or stakeholders that are able to implement locally led adaptation.

[relevance, coherence]

R2a. Updating OPG (re-)accreditation supporting materials. The OPG and the (re-)accreditation supporting materials should be updated to reflect the latest policy developments of the Fund, in particular, the new Evaluation Policy approved by the AF Board in 2022. This process should include revisiting the re-accreditation criterion related to project performance assessments and aligning it with the project evaluation criteria outlined in the Fund's new Evaluation Policy.

R2b. The AFB Secretariat in collaboration with the AF-TERG should clarify how the assessment of past project performance is being integrated into the overall re-accreditation criteria, in alignment with the new Evaluation Policy.

R7. The AFB Secretariat should analyse and propose for the AF Board to consider new accreditation models with differentiated requirements for different project types and/or sizes and introduce new modalities as needed, including potentially a project-specific accreditation option. Experiences of the other funds should be taken into account.

3.1.1 Alignment to the Fund strategies

The accreditation process is directly relevant to the Fund's mission to "serve the Paris Agreement by accelerating effective adaptation action and efficient access to finance, including through direct access, to respond to the urgent needs and priorities of developing countries (....)"⁵¹, for a number of reasons as explained in the following.

The three strategic priorities of the Adaptation Fund, as stated in the new Medium-Term Strategy (MTS) 2023-2027, are: (1) Action - support developing countries in undertaking and accelerating high-quality, local level and scalable adaptation projects and programmes that are aligned with their national adaptation strategies and processes; (2) Innovation - expand modalities for funding the development and diffusion of innovative adaptation practices, tools, and technologies, encourage risk-taking, and strengthen linkages to learning; and (3) Learning and Sharing - generate and disseminate knowledge and evidence, including local and

⁵¹ Adaptation Fund (2022). Medium Term Strategy 2023-2027. Available at: <https://www.adaptation-fund.org/document/medium-term-strategy-2023-2027/>

indigenous knowledge, on effective and innovative adaptation action and finance with various stakeholders for application.

The accreditation process is well aligned with many of the key themes of its strategic foci. By enhancing the spectrum of entities that can access the Fund's resources, the Action Pillar's locally based and locally led adaptation focus can be better implemented, including through devolving access and decision-making on adaptation finance to national, subnational, and local levels⁵². The accreditation function enables eligible Parties who seek financial resources from the Adaptation Fund to submit proposals directly through their nominated NIE or the services of a RIE or a MIE⁵³.

The accreditation modalities of the Fund are pertinent to the Global Commission on Adaptation's "Principles for Locally Led Adaptation," particularly Principle 2, which underscores the importance of local ownership. This principle promotes the establishment of robust country ownership over projects and programmes and advocates for delegating decision-making authority to national institutions. These align with the concept of "direct access" and "enhanced direct access", through which countries can access resources and oversee project implementation without the need for intermediaries at the international level⁵⁴.

The Fund's accreditation process, particularly the streamlined process, is also relevant to the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008) as well as the Paris Agreement, all of which emphasize the importance of efficient access to financial resources through simplified approval procedures and enhanced readiness support for developing country Parties, in particular for the least developed countries (LDCs) and small island developing States (SIDS), in the context of their national climate strategies and plans⁵⁵.

Implications of the accreditation process design that may affect alignment of projects to the Adaptation Fund mandate and strategic priorities.

On the other hand, many of the Fund's important aspects are not reflected in the accreditation criteria, which are stated in Annex 6 of the Operational Policies and Guidelines (OPG) (see Section 2.1 of this document). **The focus of the accreditation criteria predominantly centers on fiduciary standards and project oversight. They are relevant to the needs of the Board and the Fund's financial supporters (including both contributors and Parties to the CMP/CMA as custodians of CERs/A6.4ERs) in ensuring that funds are not mismanaged.**

While the Fund mission, strategic pillars and cross-cutting themes prioritize important concepts like "promoting locally based and locally led adaptation", "innovation, and learning" and "scaling", which require at least a basic understanding of some of the concepts of climate risk and resilience, as well as a specific type of access to – for example – local stakeholders or innovation, these aspects are not ensured through the accreditation process. Specifically, the assessment observes **the accreditation criteria's limited emphasis on technical competencies related to adaptation program design and management. The evaluation**

⁵² Ibid., p.24

⁵³ Adaptation Fund Board (2015). AFB/B.7/13/Rev.1. Report of the Seventh Meeting of the Adaptation Fund Board, Annex III. Available at: https://www.adaptation-fund.org/wp-content/uploads/2015/01/AFB.B.7.13.Rev1_Final_Report.pdf

⁵⁴ Adaptation Fund (2022). Medium Term Strategy 2023-2027. p.15. Available at: <https://www.adaptation-fund.org/document/medium-term-strategy-2023-2027/>

⁵⁵ Adaptation Fund Website (n.d.). The Accreditation Process. Last visited on October 2023. Available at: <https://www.adaptation-fund.org/apply-funding/accreditation/>

is concerned that this limitation might compromise the utility of these criteria in ensuring the accreditation of IEs that are technically most competent for implementing the Fund's strategies. For example, the OPG only marginally integrate the adaptation reasoning into the accreditation criteria⁵⁶. While the need to demonstrate capability and experience in identification and design of adaptation projects is acknowledged, it is only stated as a desired option. Similarly, the documentation supporting the accreditation application, which includes the Guidance on Accreditation Standards⁵⁷ and the NIE accreditation toolkit,⁵⁸ does not include any relevant information regarding the desired competences of applicants to identify, design, and implement projects using an adaptation rationale.

This affects the relevance of the accreditation process to the adaptation agenda and to "the Fund's unique mandate of supporting concrete adaptation with tangible results and benefits on the ground for the most vulnerable countries and communities."⁵⁹ Throughout the accreditation process, it remains unclear whether the proposed entities have the necessary technical competence beyond the fiduciary aspects. This includes their understanding of climate risk, access to relevant project-executing entities or target groups, engagement in sectors aligned with the National Adaptation Plans (NAPs), participation in communities of practice fostering global best practices for implementing or scaling adaptation, and their ability to comprehend innovation, among other critical factors. This scenario bears the risk of diverting climate adaptation funding into areas that might not reflect the Fund's core missions. The accreditation process thus does not ensure that the entities have thematically relevant capabilities.

Therefore, the evaluation formulates recommendation **R1. Climate Rationale** and proposes that the criteria from the OPG should be sharpened to accommodate technical competences at least to some degree. Not only should the accreditation and re-accreditation processes be regularly updated in order to keep the assessment of the entities' ability in line with the evolving climate finance system on the global level and the increasing number of stakeholders and entities that are interested in adaptation projects. But in addition, the Secretariat should develop a proposal for how to assess the applicants' capabilities and experience in identifying, designing, and implementing projects specifically related to climate change adaptation. Specifically, with the advent of the Loss and Damage Fund, it becomes more important that entities are able to discern between preventive and locally led adaptation to climate change of the most vulnerable groups and the funding purposes of the new Fund. Key aspects to consider can include, for example, adaptation competence, the ability to assess the climate rationale of projects, ability for climate risk assessment, and/or the ability to access stakeholders exposed to climate risks, or in vulnerable areas, including stakeholders that are able to implement locally led adaptation and other projects that are specifically important for the Fund's mission.

The evaluation further notes that the current accreditation requirements are the same for all types of entities, independently of their intended role or type of project that they might want to

⁵⁶ Specifically, Annex 6 of the OGP require entities to demonstrate competency on "Project preparation and appraisal", for which among others, they should provide "demonstration of capability and experience in identification and design of projects (preferably adaptation projects)". Source: Adaptation Fund (2021). Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund (Amended in October 2021). Annex VI, Competency 6, p.6. Available at: https://www.adaptation-fund.org/wp-content/uploads/2016/04/Accreditation-Application-Form_OPG-Annex-6_English_REVISED.pdf

⁵⁷ Adaptation Fund (2016). Guidance on Accreditation Standards (Approved by the AFB in 2016). Available at: https://www.adaptation-fund.org/wp-content/uploads/2019/03/English_Guidance-on-Accreditation-Standards.pdf

⁵⁸ Adaptation Fund (n.d.). NIE Accreditation Toolkit. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2015/07/Accreditation-Toolkit-English-14.pdf>

⁵⁹ Adaptation Fund (2022). Medium Term Strategy 2023-2027. p.5. Available at: <https://www.adaptation-fund.org/document/medium-term-strategy-2023-2027/>

implement. In practical terms, this means that an international research organization is evaluated against the same criteria as a private bank or a government ministry. This uniform approach, while promoting administrative efficiency, may overlook the inherent differences in the projects these entities intend to undertake. For instance, an organization may exclusively target specific funding windows of the Fund.

While standardization enhances administrative efficiency, tailoring the accreditation criteria to specific project or agency types could enhance the relevance of accreditation to the Fund's priorities. This approach would involve recognizing that certain documentation or internal organizational processes may not be universally applicable across all project types.

The evaluation therefore suggests in its recommendation **R7. Differentiation of accreditation requirements** that the Panel should propose for adoption by the Board new models featuring differentiated accreditation requirements for different project types and/or sizes. One potential approach could involve tailoring accreditation requirements to suit the funding window. This model could integrate the assessment conducted during an entity's accreditation with the consideration of the desired level of funding and the complexity and ambition of the proposal, considering factors such as the number of partners involved, project duration, and the types of activities proposed.

Lastly, this evaluation raises questions related to the optimization of the current process. Specifically, the OPG and its annexes are integral components of the Fund. As alterations to the OPG necessitate approval by the AF Board, it raises the question of whether certain detailed aspects, like those found in Annex 6 containing the Accreditation Application Form, should be treated separately. Annex 6 not only outlines the specific mandated capabilities for applicant organizations but also specifies the supporting documentation required. Wouldn't it be more efficient to handle such detailed provisions independently from the OPG, reducing the need for AF Board approval of minor changes to the annexes?

Implications of the re-accreditation process design that may affect alignment of projects to the Adaptation Fund mandate and strategic priorities.

The re-accreditation process focuses on the entity's (i) continued compliance with the Fund's fiduciary standards; (ii) ability to comply with the Environmental and Social Policy (ESP) and the Gender policy of the Fund; and (iii) the results of the assessment of the implementing entity's performance regarding quality at entry and project/programme implementation. In addition, policies and procedure related to anti-money-laundering/countering the financing of the terrorism will be reviewed by the Panel.⁶⁰

The assessment of the entity's performance is two-fold⁶¹:

a. Quality at Entry (QaE): The AFB Secretariat evaluates the quality of project/programme proposals submitted by the accredited entity. This step is essential to ensure that projects are well-conceived and designed, effectively targeting climate adaptation needs.

b. Project Performance: This aspect provides insights into how projects or programmes, once implemented, are performing on the ground. It assesses their effectiveness in achieving their intended outcomes and impacts.

⁶⁰ Adaptation Fund (2019) Re-accreditation Process (Approved on 26 October 2013; Revised on 11 October 2019). Available at: https://www.adaptation-fund.org/wp-content/uploads/2016/05/Re-accreditation-process_revised-in-Oct-2019-1.pdf

⁶¹ Ibid.

The AFB Secretariat was tasked to develop a scorecard for assessing both quality at entry and project performance and provide it to the Panel as part of an IE's re-accreditation application⁶². The draft scorecard has been piloted with the Results-based Management and Programming teams during the re-accreditation process of two accredited entities, PIOJ and NABARD⁶³. Under current practice, the Panel requests the Programming team to fill out the scorecard with a small narrative on QaE for IEs that have submitted project proposals with the Fund. It further requests the Results-based Management team to assess the project performance of the entities that have implemented and completed AF projects⁶⁴.

While these evaluation components are crucial, it is important to note that **the current evaluation did not identify specific procedures for factoring project performance into the re-accreditation application criteria**. This finding suggests an opportunity for improvement and alignment with the Fund's new Evaluation Policy⁶⁵, which came into effect in October 2023. Harmonizing the re-accreditation process with the criteria for evaluating projects at midterm and project completion stages⁶⁶ would ensure that entities are held accountable not only for their initial project proposals but also for the actual outcomes and impacts of the projects they manage. This enhanced alignment would lead to more rigorous and comprehensive assessments, promoting greater accountability and effectiveness in climate adaptation efforts.

In summary, this evaluation recommends that the AFB Secretariat should align this criterion with the project evaluation criteria outlined in the Fund's new Evaluation Policy. Additionally, there is a need to specify how project performance assessment is being integrated into the overall re-accreditation criteria. By making these adjustments, the process will become more comprehensive and transparent. It will ensure that accredited entities not only comply with the Fund's standards in theory but also demonstrate a tangible and meaningful impact on the ground, ultimately advancing the Fund's mission of climate resilience and adaptation (**R2b**).

3.1.2 Relevance for the needs of beneficiary countries

The evaluation found that the accreditation as a process is designed to be relevant to the needs and priorities of beneficiary countries to access adaptation finance. This is particularly the case for the accreditation of NIEs through which countries can access adaptation finance using the Direct Access and Enhanced Direct Access modalities.

As explained in Section 2.1, the accreditation process of an NIE is initiated by the identification and nomination of an entity by the designated authority (DA) on behalf of the national government of the respective country. In the case of RIEs, they must receive a letter of support from at least two of the countries in which they operate. MIEs are invited directly by the Board

⁶² Decision B.22/3 in: Adaptation Fund Board (2013). Report of the Twenty-Second Meeting of the Adaptation Fund Board. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2015/01/Report%20AFB%2022.pdf>

⁶³ KII with the Accreditation Team of the Fund.

⁶⁴ Ibid.

⁶⁵ Adaptation Fund (2022). Evaluation Policy of the Adaptation Fund. AFB/EFC.29/6/Rev.1. Available at: <https://www.adaptation-fund.org/about/evaluation/publications/foundational-documents/>

⁶⁶ See AF-TERG (2022). Mid-Term Review. Guidance in Support of the Operationalization of the Evaluation Policy. Adaptation Fund Technical Evaluation Reference Group (AF-TERG), Washington, DC. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2023/11/AFBEFC.318Add.8-09.15.23.pdf>

See also AF-TERG (2022). Final Evaluations. Guidance in Support of the Operationalization of the Evaluation Policy. Adaptation Fund Technical Evaluation Reference Group (AF-TERG), Washington, DC. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2023/11/AFBEFC.318Add.11-09.22.23.pdf>

to apply for accreditation and do not need to provide an endorsement letter as part of their application⁶⁷.

The significance of this accreditation process becomes apparent through the avenues it opens for countries to access crucial adaptation finance. Through the mechanisms of Direct Access and Enhanced Direct Access, NIEs gain the capacity to secure funding while assuming comprehensive responsibility for the entire lifecycle of climate adaptation and resilience projects. This responsibility encompasses project design, execution, and the critical aspects of monitoring and evaluation. Regardless of the type of entity - NIE, RIE, or MIE - the DA of a country assumes a pivotal role in endorsing adaptation project proposals within their jurisdiction.

At the country level, the identification and nomination of NIEs may follow diverse avenues, including direct nomination or public tender⁶⁸, among others. It is essential to underscore that this process is inherently country-driven, emphasizing the autonomy and responsibility of each nation to align and harmonize their adaptation-related priorities with the entities they nominate for accreditation. This alignment between national priorities and nominated entities is paramount for the success and impact of climate adaptation initiatives within a country's borders. It ensures that adaptation projects and programs are not only well-suited to the specific needs of the nation but also possess the requisite expertise and capacity to implement them effectively.

To facilitate this process, the Adaptation Fund provides designated authorities with resources, including an information note⁶⁹ and comprehensive information on its website. These resources aim to support countries to make informed decisions when selecting the most appropriate NIE candidate for accreditation, aligning their efforts with advancing climate resilience and adaptation within their borders.

In essence, the accreditation process to the Adaptation Fund underscores the vital role that individual countries play in shaping their climate adaptation initiatives. The extent to which it is achieving this intended goal is discussed in the next document section.

⁶⁷ Adaptation Fund (n.d.). Accreditation. Adaptation Fund Website. Last visited on 14 January 2024. Available at: <https://www.adaptation-fund.org/apply-funding/accreditation/>

⁶⁸ Source: Key Informant Interviews with NIEs conducted a part of this evaluation.

⁶⁹ Adaptation Fund (2018). Information Note for Designated Authorities to select a National Implementing Entity candidate for accreditation with the Adaptation Fund. Available at: https://www.adaptation-fund.org/wp-content/uploads/2018/04/Information-Note-for-DA-to-select-an-NIE-candidate_updated-23-March-2018.pdf

3.2 Effectiveness of the Fund accreditation process

Effectiveness is gauged by the degree to which a process attains, or is anticipated to attain, its objectives and yield results⁷⁰. In the case of the **accreditation process**, the primary objective is to facilitate the access of eligible developing country Parties to adaptation finance while guaranteeing compliance with international fiduciary standards, as stipulated by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

This objective aligns with the Fund's overarching mandate of "accelerating effective adaptation action and ensuring efficient access to finance, including through direct access."⁷¹ Therefore, the effectiveness of the accreditation process is intrinsically tied to its ability to streamline and expedite the flow of adaptation finance to those in need, all the while upholding the highest international fiduciary standards mandated by the Conference of the Parties. In brief, how many projects have been approved per entity in response to countries' needs and priorities and how much has reached the ground.

Following, the **re-accreditation** process guarantees that IEs adhere to evolving procedures, including the Fund's environmental, social, and gender policies. More crucially, the re-accreditation process ensures that IEs not only sustain but also enhance their organizational systems. According to a knowledge product on lessons learned from the re-accreditation to the Adaptation Fund⁷², the ultimate objective of the re-accreditation process is to enhance project design and performance, facilitating the effective implementation of adaptation initiatives on the ground and bolstering the resilience of the most vulnerable communities.

Following these definitions, this evaluation has appraised the effectiveness of the Fund's accreditation process by looking at:

- a) The extent to which the accreditation and re-accreditation processes meet their mandate of ensuring that accredited entities follow fiduciary and safeguard standards while accessing financial resources of the Adaptation Fund.
- b) The extent to which accreditation outcome achievements contribute to the Fund's mandate of "accelerating effective adaptation action and efficient access to finance, including through direct access"⁷³.

It is worth noting that the Fund does not have a defined "target portfolio" of IEs in terms of type of entities (NIE, RIE, MIE) nor in other metrics such as geography, sector, or type of organization. Nevertheless, all developing country Parties to the Kyoto and Paris are eligible to have an NIE. Additionally, the Implementation Plan (IP)⁷⁴ of the Fund's Mid-term

⁷⁰ According to the DAC criteria, effectiveness is defined as "The extent to which the intervention achieved, or is expected to achieve, its objectives, and its results, including any differential results across groups". Source: OECD/DAC Network on Development Evaluation (2019). Better Criteria for Better Evaluation Revised Evaluation Criteria Definitions and Principles for Use. Available at:

<https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>

⁷¹ See Adaptation Fund mission. In: Adaptation Fund (2022). Medium Term Strategy 2023-2027, p.6. Available at: <https://www.adaptation-fund.org/document/medium-term-strategy-2023-2027/>

⁷² Adaptation Fund (2022). Lessons Learned from the continuous process of capacity strengthening of Implementing Entities through re-accreditation to the Adaptation Fund. Knowledge Product. p.5. Available at: <https://www.adaptation-fund.org/document/lessons-learned-from-the-continuous-process-of-capacity-strengthening-of-implementing-entities-through-re-accreditation-to-the-adaptation-fund/>

⁷³ See Adaptation Fund mission. In: Adaptation Fund (2022). Medium Term Strategy 2023-2027, p.6. Available at: <https://www.adaptation-fund.org/document/medium-term-strategy-2023-2027/>

⁷⁴ Adaptation Fund (2018). Implementation Plan for Medium-Term Strategy. AFB/B.31/5/Rev.1. Available at: https://www.adaptation-fund.org/wp-content/uploads/2018/03/AFB.B.31.5.Rev.1_Implementation_plan_for_medium-term_strategy.pdf

Strategy does not include indicators nor targets to track progress on accreditation goals.⁷⁵ Nor does it include linkages between the type of accredited entities and how they can achieve the three strategic pillars (does the accredited entities have the capacity to support the Fund's Mid-Term Strategy and its implementation plan?). These factors complicate the precise assessment of whether the existing accredited entities support effective access to adaptation finance in line with the Fund's mandate⁷⁶. This evaluation suggests that this gap could be addressed in the implementation plan of the new MTS 2023-2027 or in the efficiency and effectiveness framework of the Fund's longer-term indicators and targets to facilitate the evaluation of the accreditation process's performance.

Summary of Findings:

- Accreditation effectively fulfils its core mandate, with no instances of financial mismanagement identified among accredited entities to date.
- While it remains premature to fully assess the effectiveness of transitioning from one to two National Implementing Entities (NIEs) per country, the anticipation is that this change will have a positive impact on the accreditation process as it is expected to bolster the number of accredited NIEs, contributing to a more robust and diversified pool of entities that can access direct adaptation funding.
- Despite the evident advantages of the streamlined accreditation process, organizations exhibit reluctance in opting for direct application through this track either due to concerns about not being able to access sufficient funds or due to a lack of understanding or knowledge regarding this particular modality. Only five NIEs have chosen the streamlined accreditation track since it was introduced in 2015.
- The NIEs' relative share in managing approved funds is modest (20%).
- Of the 32 NIEs endorsed by the Fund, a noteworthy 84.4% have successfully secured funding.

Recommendations

R3. Capacity assessment and tailored readiness support. Early stages of the accreditation process could include an assessment of the suitability and readiness of applicant entities to pursue accreditation with the Fund, including concerning their capabilities and experience in identifying, designing, and implementing projects related to climate change adaptation. The capacity gaps identified in individual entities during the capacity assessment should guide the support provided to the entities, including through the readiness programme, for accreditation.

In turn, this would support a more agile access to adaptation funding by NIEs once they are accredited and advance the Fund's mandate of assisting vulnerable developing-country Parties in meeting the costs of adaptation.

⁷⁵ Accreditation is mentioned as part of the Fund's Expected Result 2 "Institutional capacity strengthened. Long-term capacity of national and regional institutions to implement and execute high quality adaptation projects/programmes strengthened through Fund processes, including accreditation and adaptive management". However, expected outputs and indicators refer to readiness activities. See Adaptation Fund (2018). AFB/B.31/5/Rev.1., p.8.

⁷⁶ The implementation plan for the MTS 2023-2027 does have some indicators that related to the accreditation process, but the performance of this plan is not part of this assessment.

3.2.1 Accreditation Process: Ensuring Sound Fund Management

The core mandate of the accreditation process is to ensure that the entity follows fiduciary and safeguard standards while accessing financial resources of the Adaptation Fund.⁷⁷ As described in Section 2.1 of this document, the accreditation process is regulated in the OPG. It is guided by the Accreditation Application Form, which is in Annex 6 of the OPG.⁷⁸ This form is an operationalization of the "broad fields of fiduciary standards", in that it specifies more clearly what capabilities are required and gives examples for the types of documentation that can be provided to demonstrate the respective capability.

The accreditation criteria support the effectiveness of the accreditation process in ensuring that Adaptation Fund funds are not mismanaged. **The accreditation process has succeeded in this core mandate, with no instances of financial mismanagement identified to date. This stands as a notable accomplishment for the Fund, demonstrating its success in enabling direct access to climate financing.**

The majority of the Implementing Entities (over 80 per cent) participating in the e-survey perceive the accreditation process as effective, i.e., that it ensured that systems, policies and processes were in place to successfully apply for and manage climate finance grants from the Adaptation Fund. NIEs highlighted the usefulness of putting environmental, social and gender policies into practice not only to manage climate finance grants of the Adaptation Fund but also to improve their management across their project portfolio⁷⁹.

3.2.2 Accreditation of National Implementing Entities

Accreditation of NIEs is effective in broadening access channels and enabling direct access.

The accreditation of NIEs represents the initial step for eligible Parties to secure direct access to Fund resources, facilitating the funding of tangible adaptation projects and programmes. Since its inception, the Fund has made efforts to promote the direct access modality⁸⁰. The MTS 2018-2022 outlined the Fund's niche within the evolving architecture of international climate finance, emphasizing direct access modalities and the development of capacities and track records for NIEs to access significantly higher levels of adaptation finance⁸¹. In the new MTS 2023-2027, the Fund maintains Direct Access as a central strategic theme to promote locally based and locally led adaptation efforts⁸². Consequently, the accreditation of NIEs serves as a practical proxy for evaluating the effectiveness of the accreditation process.

As of September 2023, the Adaptation Fund has a total of 32 National Implementing Entities (NIEs), which represent a significant portion, accounting for 58 per cent of all its implementing entities. This trend mirrors that of the Green Climate Fund (GCF), where approximately 50 per

⁷⁷ Adaptation Fund website (n.d.) Accreditation. Visted on 22 December 2023. Available at: <https://www.adaptation-fund.org/apply-funding/accreditation/#:~:text=The%20Adaptation%20Fund's%20accreditation%20process%20is%20composed%20of%20a%20set,%20Dinvestigation%20and%20anti%20Dcorruption.>

⁷⁸ Accreditation Application Form. Available at: https://www.adaptation-fund.org/wp-content/uploads/2016/04/Accreditation-Application-Form_OPG-Annex-6_English_REVISED.pdf

⁷⁹ Source: e-survey to the Adaptation Fund implementing entities conducted as part of this evaluation. See Appendix A. Methodology.

⁸⁰ Adaptation Fund (2022). Medium Term Strategy 2023-2027, p.31. Available at: <https://www.adaptation-fund.org/document/medium-term-strategy-2023-2027/>

⁸¹ Adaptation Fund (2018). Medium Term Strategy 2018-2022, p.25. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2018/03/Medium-Term-Strategy-2018-2022-final-03.01-1.pdf>

⁸² Adaptation Fund (2022). Medium Term Strategy 2023-2027, p.31. Available at: <https://www.adaptation-fund.org/document/medium-term-strategy-2023-2027/>

cent of its accredited entities are also national entities⁸³. An additional development relevant to this assessment is that, in 2021, the AF Board decided to expand the number of NIEs per eligible developing country from one to two⁸⁴. Even though, as of September 2023, there are no countries with two NIEs accredited, nine countries have nominated a second NIE for accreditation⁸⁵. It remains premature to fully assess the effectiveness of transitioning from one to two NIEs per country. However, this strategic change is expected to contribute to a more robust and diversified pool of entities. This, in turn, is anticipated to result in countries having increased access to higher funding levels through the direct access mechanism.

The different accreditation (regular, fast-track, and streamlined) and re-accreditation (regular and fast-track) modalities were designed to logically enhance the effectiveness and efficiency of the accreditation process. These different tracks are similar in that entities must maintain the same fiduciary standards but offer flexibility in how the accreditation process is carried out. For example, for fast-track accreditation and re-accreditation, the reliance on due diligence carried out by the GCF's Accreditation Panel was motivated by an aim to reduce duplication of work between the funds and unnecessary administrative burden for applicant entities⁸⁶. Also, the streamlined accreditation process aims to enable smaller NIEs to access climate finance by allowing applicants to submit alternative documentation to provide evidence of mitigating processes in place that provided sufficient safeguards.

Almost 73% of IEs agree that the Accreditation Panel (AP) offered essential advice, support, and guidance throughout the accreditation process. Positive feedback emphasized constant communication with the AP, transparent and effective collaboration, and valuable observations and suggestions that eased the approval process for NIE status. In terms of the AFB Secretariat's support, IEs expressed an overwhelmingly positive perception, with approximately 85 per cent acknowledging that the AFB Secretariat provided indispensable advice, support, and guidance throughout the accreditation process⁸⁷.

Not all tracks are equally effective

Looking at how NIEs are using the different tracks provides additional information regarding their individual performance. Historically, the majority of NIEs (81 per cent) underwent accreditation using the regular accreditation track. As of September 2023, only three NIEs opted for the fast-track accreditation process, which was approved in 2018.⁸⁸ Similarly, only five (16 per cent) NIEs have chosen the streamlined accreditation track, introduced in 2015 and designed specifically for small NIEs.

⁸³ Green Climate Fund (n.d.). Green Climate Fund Website. Consulted on 27 December 2023. Available at: [https://www.greenclimate.fund/about/partners/ae?ff\]=field_subtype:226](https://www.greenclimate.fund/about/partners/ae?ff]=field_subtype:226)

⁸⁴ Decision B.36/42 in: Adaptation Fund Board (2021). Report of the Thirty-Six Meeting of the Adaptation Fund Board. document AFB/B.36/10. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2021/06/AFB.B.36.10-Report-of-the-thirty-sixth-meeting-of-AFB-4-1.pdf>

⁸⁵ Adaptation Fund (2023). Report of the Fortieth Meeting of the Accreditation Panel. AFB/B.41/4. Available at: https://www.adaptation-fund.org/wp-content/uploads/2023/10/AFB.B.41.4_AP40-Report.pdf

⁸⁶ Adaptation Fund Board (2018). Efficiency and Effectiveness of the Accreditation Process (...). AFB/EFC.22/4. Paragraph 17. Available at: https://www.adaptation-fund.org/wp-content/uploads/2018/03/Final_AFB.EFC.22.4_Efficiency-and-effectiveness-of-the-accreditation-process_12March2018.pdf

⁸⁷ Source: e-survey to the Adaptation Fund implementing entities conducted as part of this evaluation. See Appendix A. Methodology.

⁸⁸ Decision B.32/1, in: Adaptation Fund Board (2019). Report of the Thirty-Second Meeting of the Adaptation Fund Board. AFB/B.32/12. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2019/02/AFB.B.32.12-Report-of-the-32nd-meeting.pdf>

The low number of small NIEs that have used the streamed line accreditation track has been further explored in a 2022 publication of the Adaptation Fund⁸⁹. The document notes that **despite the evident advantages of the streamlined process, organizations exhibit reluctance in opting for direct application through this track due to concerns about not being able to access sufficient funds.** It further notes that **there seems to be a lack of understanding regarding the streamlined process and a general unawareness during the application stage about the availability of this particular modality.** The publication therefore suggests the following recommendations, which remain valid and would enhance the effectiveness of this particular accreditation track:

- (1) **Communicate opportunity to enter streamlined process to smaller entities:** The Fund secretariat could raise awareness of the opportunity for smaller organizations to enter the streamlined process. While the designated authority (DA) can nominate an NIE applicant for the streamlined process, to date, this has not been utilized. Smaller NIEs have applied through the regular accreditation process, and later through the Panel's assessment have switched to the streamlined process. Raising awareness could include expanding the section on the Fund website that outlines the streamlined accreditation process, creating a flyer or fact sheet about the process, and presenting the opportunity at relevant international and regional forums and conferences.
- (2) **Update the accreditation application:** The current accreditation application does not provide an explicit opportunity to apply through the streamlined accreditation process. A checkbox could be added as part of the current application. It would also be helpful to add to the initial accreditation application questions related to the size of the entity, including number of staff, number of offices, portfolio size, and roles played within a project/programme portfolio. These types of questions would be similar to what the GCF utilizes in its fit-for-purpose approach. Having this information upfront might allow the Panel to enter into a discussion with a smaller entity earlier in the process about the streamlined accreditation modality.
- (3) **Indication of capacity improvement at re-accreditation:** At the time of re-accreditation, it would be helpful to add a few questions for entities accredited under the streamlined process asking explicitly about capacities gained, projects implemented, and amounts disbursed to understand if an entity may be eligible for an increase in the monetary limit of funding they can program.

Direct Access to Adaptation Finance

According to the MTS 2023-2027, 30% of the Adaptation Fund's portfolio is allocated to direct access projects, promoting country-owned and driven processes and strengthening local institutions.⁹⁰

Of the 32 NIEs endorsed by the Fund, a noteworthy 84.4% have successfully secured funding. A great majority of the IEs perceive the accreditation process as having played an important role in their organization's technical capacity to successfully implement climate

⁸⁹ Adaptation Fund (2022). Lessons learned: Adaptation Fund's Streamlined Accreditation Process. Knowledge Product. Available at:

<https://www.adaptation-fund.org/document/lessons-learned-adaptation-funds-streamlined-accreditation-process/>

⁹⁰ Adaptation Fund (2022). Medium Term Strategy 2023-2027, p.21. Available at: <https://www.adaptation-fund.org/document/medium-term-strategy-2023-2027/>

adaptation programmes. Particularly for NIEs, the tools, policies, procedures and frameworks developed during the accreditation and re-accreditation process has led to improvements in the operation and effectiveness of project cycle management capacities of climate-related projects⁹¹. This is done, among others, by increasing capacities regarding environmental, social, and gender aspects of project implementation.

Still, there are identified cases where entities successfully complete the accreditation process but either take a long period of time to access project funding or are yet to get a project approved with the Fund (further details related to the efficiency of the accreditation process are specified under Section 4.3).

Accreditation can effectively improve operations of applicants.

As discussed in Appendix D. E-survey results summary, some of the entities have used the accreditation process to update their policies and procedures. On the other hand, many of the applicants, specifically those that are new to administering third-party funds, have acknowledged capacity gaps. To enhance the support for NIEs in accessing adaptation funding and the effectiveness of the accreditation, it is advisable for the Fund to proactively identify specific gaps and challenges faced by applicants during the early stages of the accreditation process. This approach serves a dual purpose. Firstly, it provides additional guidance to support Accredited Entities in selecting the most suitable candidate(s). Beyond meeting fiduciary standards, this may include recommendations on the candidates' attributes, especially in relation to their preparedness to implement adaptation related projects. Secondly, as the nominated entity commences the accreditation process, this information will guide the tailoring of readiness support, ensuring that it aligns with the entity's identified needs. In relation to this second point, a member of the AFB Secretariat⁹² noted that the Fund currently has no records of capacity assessments of applicant entities that are in the accreditation pipeline concerning their capabilities and experience in identifying, designing, and implementing projects related to climate change adaptation. Hence, the Fund readiness programme has a limited understanding of the capacities of these entities, which hinders to better target related support.

On this basis, the evaluation formulated recommendation **R3. Capacity Assessment and tailored Readiness Support**: Early stages of the accreditation process could include an assessment of the suitability and readiness of applicant entities to pursue accreditation with the Fund, including concerning their capabilities and experience in identifying, designing, and implementing projects related to climate change adaptation. The capacity gaps identified in individual entities during the capacity assessment should guide the support provided to the entities, including through the readiness programme, for accreditation. In turn, this would support a more agile access to adaptation funding by NIEs once they are accredited and advance the Fund's mandate of assisting vulnerable developing country Parties in meeting the costs of adaptation.

⁹¹ Source: e-survey to the Adaptation Fund implementing entities conducted as part of this evaluation. See Appendix A. Methodology.

⁹² KII conducted in the framework of this evaluation in 2023. See Appendix A. Methodology.

3.3 Efficiency of the accreditation process

The efficiency of the accreditation process was explored by looking at:

- a) Time required for an entity to undergo accreditation and re-accreditation.
- b) Time between NIEs first accreditation and first project approval
- c) The volume of accreditation and re-accreditation applications handled by the Accreditation Panel

Furthermore, possible inefficiencies were explored by reviewing (i) implications of the accreditation process design that may affect efficiency, (ii) reasons for dormant applications, and (iii) IEs' perceptions of the efficiency of the accreditation process.

The cost-effectiveness of the process was not assessed because relevant information for calculating the unit costs of the accreditation criteria for the Fund and for the entities was largely unavailable, or the information was confidential.

Summary of Findings:

- The median time required across all entities to go through the accreditation process is 12 months for the regular track, 9 months for the fast-track, and 27 months for the streamlined accreditation track.
- In the median, the streamlined track, exclusively designed for NIEs, takes 12 months longer than the time for NIEs using the regular track, which stands at 15 months.
- Regarding re-accreditation, across all tracks, NIEs have historically taken the longest time to undergo re-accreditation, with a median duration of 19 months.
- The fast-track re-accreditation process is not faster than the regular one. The median duration for implementing entities to complete the re-accreditation process is 12 months for the regular track and 15 months for the fast-track.
- The Panel operating model, including its interaction with the Secretariat, is sufficient to meet current demand.
- Over the past six years, between the 27th and 40th meetings of the Accreditation Panel, a total of 27 different entities have been in the accreditation pipeline. Of those, ten organizations were at some point dormant with an average "residence time" in the pipeline of six years. Notably, there is no evidence of any applicant that, after exiting dormancy, achieved accreditation.

Recommendations:

R2c. The AF Board may wish to consider establishing a standard procedure for updating the OPG's annexes every time Fund policies are approved or amended by the Board. This procedure should include an automatism by which the AFB Sec proposes changes, and the Board approves them as soon as possible.

R4. Pipeline Management. Building on its upcoming Gap Analysis of the accreditation and re-accreditation process (Decision B.41/2), the AFB Secretariat should present, for the Board's consideration, a policy for the efficient management of the accreditation pipeline. This policy should specifically look at strengthening the rules for elimination from the applicant pipeline. This consideration is crucial as eligible countries are limited to having a maximum of two NIEs, and dormant organizations have the potential to hinder the nomination of other entities for accreditation.

R5. The fast-track re-accreditation needs to become faster. In addition to any action in pursuit of R6, and in order to identify strategies leading to the desired improvement, it is suggested to include fast-track re-accreditation as a central topic in the ongoing or a future Gap Analysis of the accreditation and re-accreditation process (Decision B.41/2).

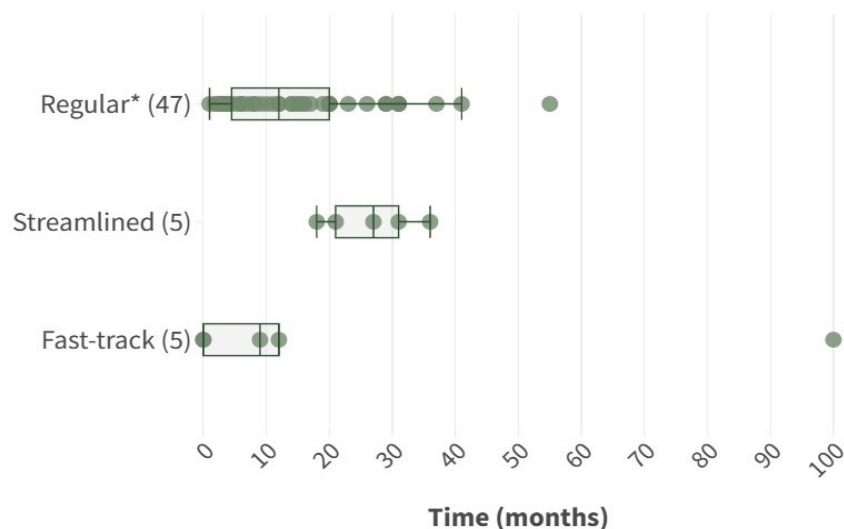
R6. Regular Reviews of the process. The AFB Secretariat should continue to implement regular reviews of the practice of the accreditation system. Such reviews should include a regular review of opportunities for enhancing clarity around the Adaptation Fund's expectations and reducing any redundancies or unnecessary bureaucratic formalities that are identified, including upon suggestion from the IEs and DAs. Examples for items to revisit are the five-year re-accreditation interval, the fast-track re-accreditation process, and opportunities to standardize steps or templates.

3.3.1 Time required for an entity to undergo accreditation

The median time required across all entities to go through the accreditation process is 12 months for the regular track, 9 months for the fast-track, and 27 months for the streamlined accreditation track. Across all tracks, RIEs have historically taken the longest time to attain accreditation, with a median duration of 20 months. NIEs follow with 15 months, and MIEs have the shortest duration at 4 months. These calculations exclude unsuccessful entities, i.e., entities that either withdrew, were removed due to inactivity, or were not recommended for accreditation after the conclusion of the AP's review.

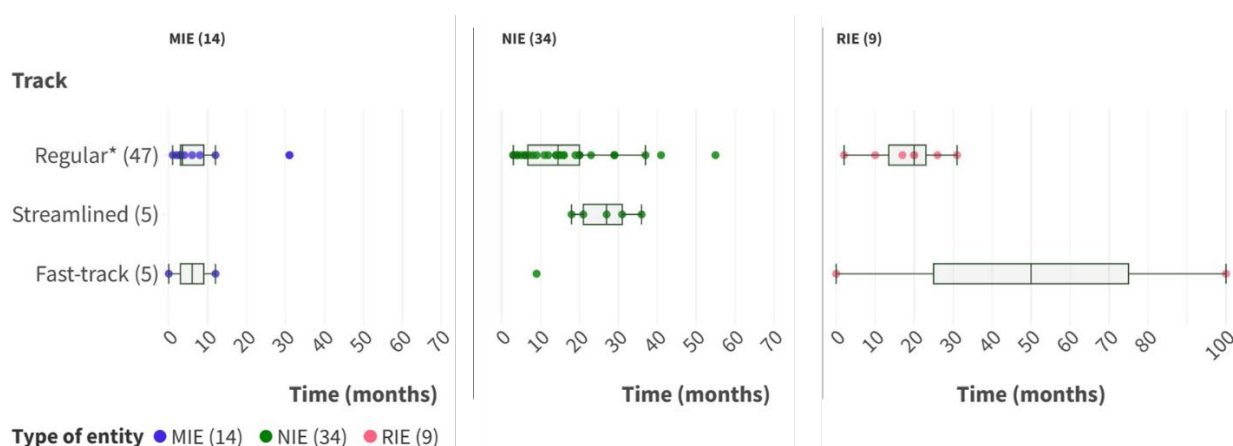
Figure 7 illustrates the time needed to attain initial accreditation status with the Fund, categorized according to the various accreditation tracks. Figure 8 breaks this information, down further, by type of entity.

Figure 7. Time from application submission to successful accreditation of IEs through the various tracks (status as of September 2023).



*Data includes two IEs that were de-accredited in 2023

Figure 8. Time from application submission to successful accreditation of IEs by entity type and accreditation track, as of September 2023



*Data includes two IEs that were de-accredited in 2023

The results of the e-survey on IEs' perception of the accreditation process (see Appendix D. E-survey results summary) show that IEs perceive the accreditation process as time and resource-intensive, even if it is also rewarding in helping them to improve systems, policies and processes to successfully apply for and manage climate finance grants from the Adaptation Fund. IEs have identified various factors affecting process efficiency, including:

- **Lack of internal capacities:** particularly for NIEs, a shortage of human and financial resources has contributed to delays in the accreditation process.
- **Policy and procedure development:** the accreditation process may require applicants to establish new policies and procedures, which consumes time.
- **Evidentiary challenges:** providing evidence for certain requirements, for example of managing large awards, can be challenging.
- **Response time and delays:** while there is appreciation for the secretariat and Panel's support, there was an indication that sometimes the time to reply to inquiries can be lengthy

and there were delays in receiving feedback from the Fund after uploading documents to the Accreditation Workflow online system.

- **Lack of clear guidelines:** ambiguity, such as the extended period required for the Fund to agree on the definition of a RIE, has resulted in delays.
- **Detailed requirements:** some of the required inputs are perceived as excessively detailed and low-level.

While some of these factors are inherent to the entities, such as their limited capacities, others are part of the accreditation process itself, such as the need for substantial documentation to demonstrate compliance with accreditation standards.

Small NIEs (sNIEs) following the streamlined track take 27 months (median) to attain accreditation. This timeframe surpasses the median accreditation duration for NIEs utilizing the regular track, which stands at 15 months. The extended duration for sNIEs to navigate the streamlined track, in contrast to the regular track, underscores the inefficiency of this process. It is crucial to acknowledge, however, that the dataset for the streamlined track is currently limited, comprising only five instances where sNIEs have utilized this pathway thus far. The low number of sNIEs applying through the fast-track since its operationalized in 2015 has been discussed in section 4.2.2.

A recent publication of the Adaptation Fund looked into the experience of sNIEs with the **streamlined accreditation process** to identify lessons. Among them, the following lessons shed light into elements affecting its efficiency⁹³:

- **Policy and Procedure Development & Evidentiary Challenges.** While alternative methods may be deemed acceptable, sNIEs might still need to implement compensatory measures to meet the required criteria. Moreover, establishing a track record necessitates time and effort.⁹⁴
- **Lack of Internal Capacities:** sNIEs have less staff and lower capacity to respond in a timely manner to Panel requests and therefore need more time to demonstrate they can meet the accreditation criteria that is commensurate with their size and capacities⁹⁵.
- **Lack of Clear Guidelines:** While there is clear appreciation for the AFB Secretariat and Accreditation Panel's support throughout the process, there was an indication that there could be better clarity in terms of what was being requested. Confusion on how to respond to Panel questions created delays in the process⁹⁶.

When examining the challenges encountered by IEs in general and specifically sNIEs within the streamlined process, it becomes apparent that they encounter similar difficulties. Specifically, for sNIEs, these challenges are exacerbated by their limited institutional capacities. In view of the identified issues, this evaluation recommends to implement **regular reviews of the process (R6)**. The AFB Secretariat should implement regular reviews of the practice of the accreditation system. Such reviews should include a regular review of opportunities for enhancing clarity around the Adaptation Fund's expectations and reducing

⁹³ Adaptation Fund (2022). Lessons learned: Adaptation Fund's Streamlined Accreditation Process. Knowledge Product. Available at:

<https://www.adaptation-fund.org/document/lessons-learned-adaptation-funds-streamlined-accreditation-process/>

⁹⁴ Idem, p.6.

⁹⁵ Idem, p.6.

⁹⁶ Idem, p.15.

any redundancies or unnecessary bureaucratic formalities that are identified, including upon suggestion from the IEs and DAs.

The recommendation made in the same document⁹⁷, is:

To develop guidelines for alternate ways to meet the requirements of the fiduciary standards of the streamlined accreditation process. Smaller entities struggle to meet the Fund's fiduciary standards in several areas. The guidelines could demonstrate alternate ways for potential sNIEs to meet the fiduciary standards, including examples of mitigating measures to meet the spirit of the standards. This could help speed up the accreditation process and provide the Accreditation Panel and sNIEs with a shared understanding of acceptable mitigating measures.

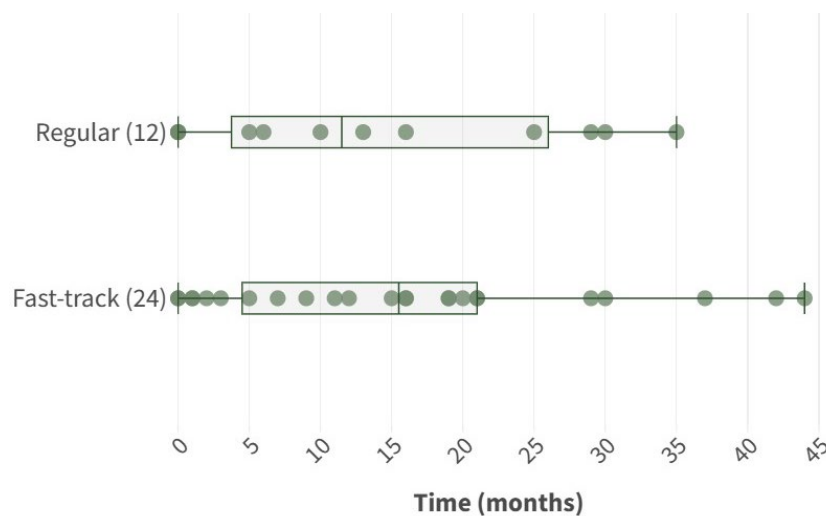
It is also clear that the applicant entities are of very different nature. They not only include organisations that are used to implementing adaptation ODA projects, but they also comprise, for example, government ministries and research organisations. These typically do not meet requirements like audited statements or have mechanisms in place for anti-money-laundering/countering the financing of the terrorism. One way to accommodate applicants would be to gain a better understanding of the different types of entities applying for funding. This would enable the AF to identify challenges different applicants face, such as providing specific documentation typically not part of their normal "way of doing business." By identifying challenges, the Fund could then tailor standards and provide a means for each type of applicant to demonstrate compliance. **(R7)**.

⁹⁷ Idem, p.7.

3.3.2 Time required for entities to gain re-accreditation

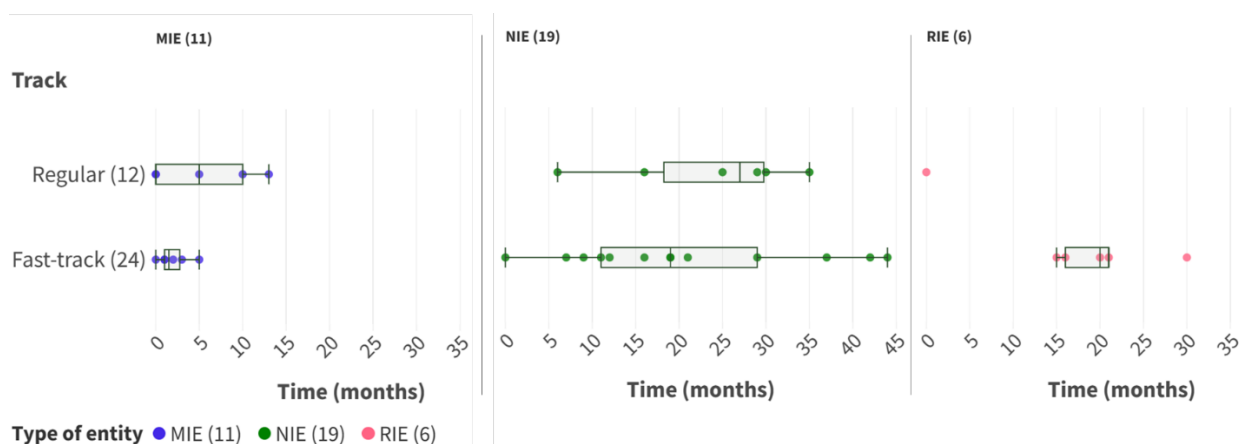
The median time required for implementing entities to go through the re-accreditation process is 12 months for the regular track, and 15 months for the fast-track. Across all tracks, NIEs have historically taken the longest time to undergo re-accreditation, with a median duration of 19 months. RIEs follow with 18 months, and MIEs have the shortest duration at 2 months. At the time of the evaluation, no NIE had used the streamlined track for re-accreditation. Figure 9 illustrates the time needed to attain re-accreditation status with the Fund, categorized according to the various accreditation tracks. Figure 10 breaks this information further, by type of entity.

Figure 9. Time from application submission to successful re-accreditation of IEs through the various tracks (status as of September 2023)⁹⁸.



*Data includes 2 IEs that were de-accredited in 2023

Figure 10. Time from application submission to successful re-accreditation of IEs by entity type and accreditation track, as of September 2023



⁹⁸ Note: the figure represents the shortest time it took for IEs to successfully complete the re-accreditation process, from the moment they submit their application. If an entity has gone through the re-accreditation process more than once, the analysis considers the shortest duration among all their re-accreditation processes.

A recent knowledge product of the Adaptation Fund⁹⁹ on the re-accreditation process identified a number of challenges faced by IEs during the re-accreditation process that are relevant to the efficiency of the process. In summary, they are: (i) capacity constraints, particularly for NIEs, in view of the amount of work required to pull together the re-accreditation application; (ii) Several NIEs mentioned that it was a challenge to provide cases of fraud or evidence of cases submitted for newly formed grievance mechanisms; (iii) both RIEs and NIEs found that the most challenging part of the re-accreditation was the demonstration of compliance with the Fund's Environmental and Social Policy (ESP) and the Gender Policy (GP); (iv) Several MIEs noted challenges during the re-accreditation process due to the legal agreements with the Fund, which do not provide the flexibility needed to accommodate the MIEs' own policy frameworks and internal requirements, particularly for the ESP and GP as well as the audit function; (v) The publication of new or updated Fund policies and strategies only in English poses a challenge, as NIEs may not have the resources to provide translations.; (vi) Some of the information requested from the Fund was confidential or marked internally and not for publication, which made it difficult for some IEs to get clearance to provide such information; (vii) Several IEs mentioned problems in understanding the requirements as stated in the re-accreditation application, needing further inquiry with the AP and AF Secretariat; and (viii) Examine Intent of Standard: entities also found the accreditation approach challenging as it examines whether the systems of an organization meet the criteria of the Fund and not how well an organization carries out the intent of the accreditation criteria.

The same document outlines the areas where IEs have suggested improvements for the re-accreditation process, which include: (i) The electronic portal could be more user-friendly by providing clickable options to each requirement; (ii) Use a principle-based approach to assess the implementing entity's existing policies and procedures; (iii) Institute suggested response times for when the AP and AFB secretariat will provide review questions and provide suggested timeframes for IEs to provide their re-submission; and (iv) A confidentiality agreement or NDA between the Fund and an IE to allow provision of internal/confidential documents. This would streamline internal clearance processes for IEs, making the process smoother.

Building on the gaps and suggested improvements outlined above, this evaluation suggests that **the fast-track re-accreditation process should be significantly streamlined for faster approval (R5)**. And that **the AFB Secretariat should implement regular reviews of the practice of the accreditation system**, including based on the recommendations outlined above **(R6)**.

3.3.3 Efficiency of the Accreditation Panel

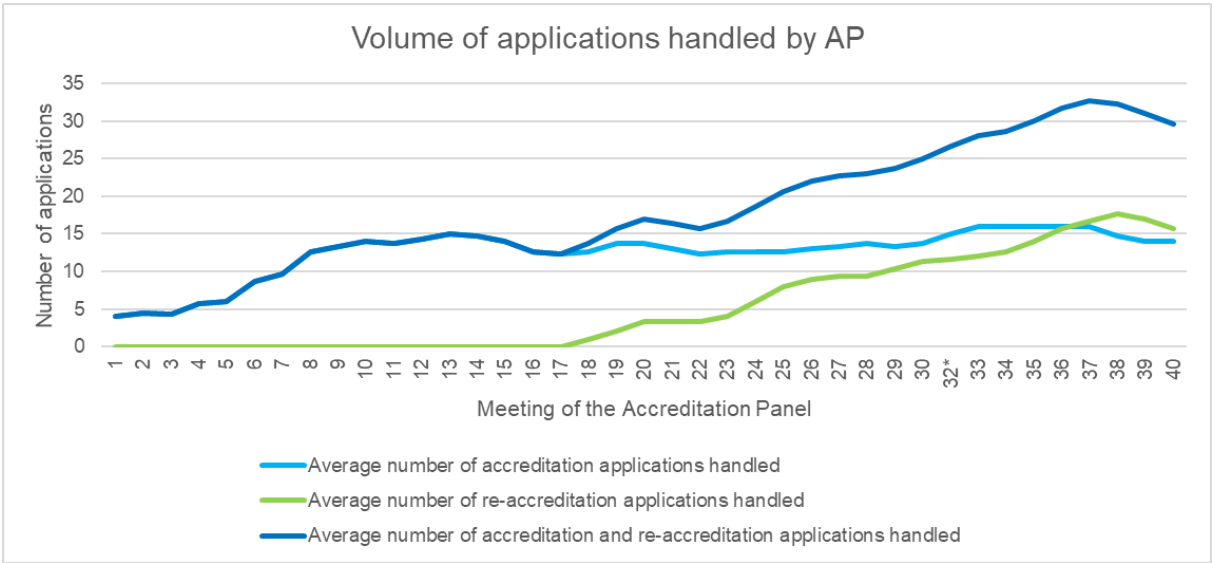
The efficiency of the Accreditation Panel (AP) can be an element of the overall efficiency. Due to the limited resources of this evaluation, it has not been assessed in significant detail, but proxy observations are used to identify potential areas for improvement.

The AP has been handling an **increasing number of accreditation and re-accreditation applications** since its first meeting, as illustrated in Figure 11. The most recent report from the Accreditation Panel for 2023 reveals a pipeline consisting of 15 entities currently undergoing panel review for accreditation. This group includes 13 NIEs, 1 RIE, and 1 MIE. In parallel, the

⁹⁹ Adaptation Fund (2022). Lessons Learned from the continuous process of capacity strengthening of Implementing Entities through re-accreditation to the Adaptation Fund. pp. 26-28. Available at: <https://www.adaptation-fund.org/document/lessons-learned-from-the-continuous-process-of-capacity-strengthening-of-implementing-entities-through-re-accreditation-to-the-adaptation-fund/>

Panel continued reviewing 14 re-accreditation applications (9 NIEs, 1 RIE, and 4 MIEs).¹⁰⁰ As a general rule, applications are not rejected upfront. The AFB Secretariat¹⁰¹ notes that due to the increase in applications over time, there has also been an increase in more challenging cases from less well-placed or less experienced organizations that often require additional support and multiple reviews. Challenging cases accumulate and the ever-higher numbers of these result in longer accreditation timelines as well as additional workload on all stakeholders to the respective process. Longer average accreditation times might not be due to a change in the efficiency of the AP completing reviews or providing feedback, but instead due to a more significant time investment in entities that require additional support through accreditation. This is also supported by findings under Section 4.3.1 which show ongoing challenges for entities in meeting accreditation criteria.

Figure 11. Average volume of active (accreditation and re-accreditation) applications in the pipeline that are handled by the Accreditation Panel at its meetings.¹⁰²



The above raises another factor influencing the work of the AP: **the number of entities that do not reach accreditation.** The evaluation team identified 19 entities that never reached accreditation¹⁰³. These entities either withdrew, were removed due to inactivity, or were not recommended for accreditation after the conclusion of the AP's review. The typical (median) time that these entities spent in the accreditation pipeline before their consideration ended was 14 months.

A third identified challenge involves **dormant organizations**, which is discussed in the subsequent section.

Key informant interviews report that each panel member has 80 days per year for this work, and with the four current panel members, **the current capacity is sufficient to handle the expected increases of applicants in the short-term**, even with the experience of the type

¹⁰⁰ Adaptation Fund Board (2023). Report of the Fortieth Meeting of the Accreditation Panel. AFB/B.41/4. Available at: https://www.adaptation-fund.org/wp-content/uploads/2023/10/AFB.B.41.4_AP40-Report.pdf

¹⁰¹ KII with members of the AFB Secretariat conducted in the framework of this evaluation in 2023. See Appendix A. Methodology.

¹⁰² Note: As of the Adaptation Fund fortieth meeting, held on September 2023. Figure is showing a moving average of three accreditation meetings. A moving average is commonly used with time series data to smooth out short-term fluctuations and highlight longer-term trends or cycles. Source: Data compiled by the AF-TERG based on the volume of applications reported at each meeting of the Accreditation Panel.

¹⁰³ Data source: Review of all reports of the Accreditation Panel Meetings available until September 2023.

and capacity of applicants shifting to require more time from reviewers in the Accreditation process as discussed above.

3.3.4 Reasons for dormant applications

In the accreditation process, an application is considered "dormant" if it has remained inactive for six months. Dormant applications are managed by reminders and, ultimately, removal of inactive applications from the accreditation pipeline. In line with Decision B.31/26¹⁰⁴, once an application is considered "dormant", the AFB Secretariat communicates the entity's inactivity in pursuing the accreditation process to the designated authority (DA) through official communication letters. The AFB Secretariat removes an application from the accreditation pipeline if it remains inactive for four consecutive six-month periods. This mechanism is meant to streamline the accreditation process and prioritize active entities.

The evaluation looked at the numbers of dormant organizations between the 27th and 40th meetings of the Accreditation Panel¹⁰⁵. The analysis shows that during those six years, an accumulated total of 27 different entities have been in the accreditation pipeline (22 NIEs, 3 RIEs, 2 MIEs). Of those, 10 organizations were at some point dormant. Four out of these ten organizations tried to revive their applications but went dormant again. Dormant organizations have an average "residence time" in the pipeline of six years. Notably, there was no evidence of any applicant transitioning from dormancy to successfully attain accreditation during this period.

Dormant applications often result from a lack of ability by applicants to comply with the requirements of the accreditation process. Reported challenges¹⁰⁶ include limited institutional capacity, particularly the case of smaller organizations, and lack of ability to demonstrate experience in some areas that are part of the accreditation criteria, including demonstrating experience with grant project funding and implementation. Often, the AP finds that additional information is necessary for a comprehensive application review. In one instance, for example, the AP noted that the applicant made improvements regarding its financial management and had been working on required policies and procedures, but it was likely to take some time for it to provide a track record of the implementation of the newly set-up system.

The efforts of the AFB Secretariat and the AP to deal with dormant applications, and to understand each applicant's progress, provide guidance on pending issues, and clarify accreditation processes, are thorough and well-documented in the AP meeting reports. Typical measures, taken by the AFB Secretariat and the AP, include organizing virtual calls between the AFB Secretariat, the AP, and applicants to enhance understanding and address issues. The Secretariat actively seeks opportunities, such as in-person meetings during COPs, to engage with applicant focal points. The Panel supports applicants by offering step-by-step clarifications, lists of pending issues, and follow-up questions. The Secretariat communicates with Designated Authorities (DAs) through official letters containing Panel summary reports on the application status. Additionally, the Secretariat requests updates on pending issues from

¹⁰⁴ Adaptation Fund Board (2018). Report of the Twenty-Seventh Meeting of the Adaptation Fund Board. AFB/B.31/4. Available at: https://www.adaptation-fund.org/wp-content/uploads/2018/03/AFB.B.31.4-AP-Report_final_12March2018.pdf

¹⁰⁵ Based on the analysis of thirteen Accreditation Panel Meeting reports from March 2018 to September 2023. March 2018 serves as the baseline for this analysis because Decision B.31/26, which provides instructions on managing "dormant" applications, was approved during the Twenty-Seventh Meeting of the Adaptation Fund Board in that year.

¹⁰⁶ Source: own. Analysis of the 28th to 40th meetings Accreditation Panel Meeting Reports.

applicant focal points. This comprehensive approach demonstrates a commitment to effective communication, guidance, and support throughout the accreditation process¹⁰⁷.

There is no systematic analysis of why applicants do not respond to the AFB Secretariat's efforts to communicate and become dormant. There have been cases in which the accreditation ceased to be a priority for the applicant organization, leading to the eventual withdrawal from the process. There has been one case where, after the secretariat's follow-up email to the NIE, the latter indicated that it would take some time for them to be able to complete the process and, due to this, the government decided to put its accreditation application on hold to ensure that the organization was equipped with required institutional capacities, rules and procedures.

Dormant applications of entities that have lost interest or are not suited to become IEs are a burden on everyone, most of all the entity itself. Applications by such entities are neither relevant for the ability of countries to reduce climate vulnerability nor effective. They are reducing the efficiency of the accreditation function. In addition, in the case of NIEs, they are "blocking" the pipeline for better suited organizations as countries can have only up to two NIEs.

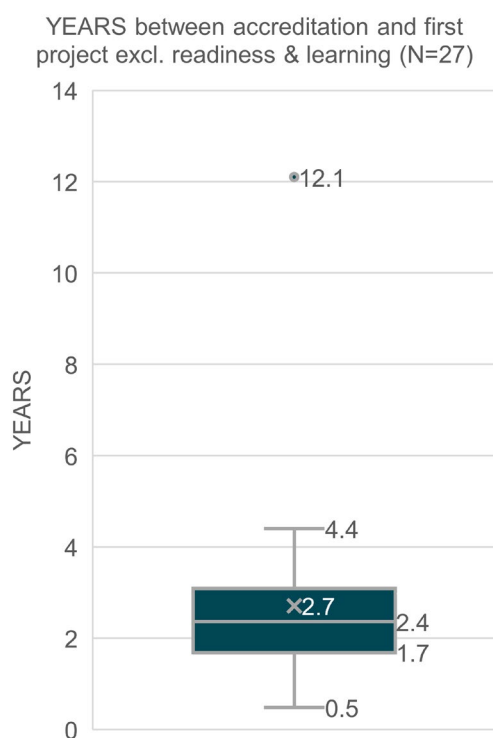
Based on evidence provided under this and the previous subsection, the evaluation recommends to improve the efficiency of the accreditation pipeline management (**R4**). Building on its upcoming Gap Analysis of the accreditation and re-accreditation process (Decision B.41/2), the AFB Secretariat should propose a policy for the efficient management of the accreditation pipeline. This policy should encompass the establishment of a time limit for an applicant's presence in the pipeline and a re-evaluation of the termination process for dormant applicants, i.e. candidate NIEs officially undergoing the accreditation process but not actively engaged for a given period of time.

3.3.5 Time between NIEs first accreditation and first project approval

The analysis of the time span between a NIE's initial accreditation and the approval of its first project with the Fund has revealed important insights. Once a national entity achieves accreditation, it takes an additional 2.4 years (median) for its first project to gain approval with the Fund (Figure 12). The shortest duration observed is 0.5 years, while the longest is 4.4 years, with one outlier requiring 12.1 years.

¹⁰⁷ Data source: Review of all reports of the Accreditation Panel Meetings available until September 2023.

Figure 12. Time between NIEs first accreditation and first project approval



Combining the accreditation period and the review period of the first project for NIEs, the average combined duration is 3.7 years - 1.25 years for accreditation and an additional 2.4 years for project approval. New models with differentiated requirements for accreditation for different project types and/or sizes could be considered, which would allow to combine both periods into one **(R7)**.

The accreditation is valid for five years. If it takes about 2.4 years to get a project developed and approved, and this project takes any longer than 3 years to implement, the project will be finalized after the expiration of the accreditation. Currently, entities can request a grace period for the re-accreditation until the date of completion of its project financed by the Adaptation Fund. But the logic of both the expiration and the grace period are unclear. If the re-accreditation interval of 5 years implies that an organization's policies and fiduciary standards need to be re-evaluated after 5 years, why can there be an exception to this rule in the final phase of a project, where these exact standards are most relevant? This evaluation recommends to re-evaluate the five-year re-accreditation interval and if necessary, suggest a formal proposal to alter the length of the accreditation duration **(R6)**.

It is worth noting that the specific challenges that accredited entities face in accessing climate finance are beyond the scope of this evaluation. However, there are clear linkages between the readiness of nominated entities to design and implement adaptation projects and their efficiency in accessing resources from the Fund. Entities without prior expertise in climate change adaptation can be expected to face higher capacity-building needs and longer project design and application times compared to those with a prior understanding of these issues. Interviews with NIEs and the AFB Secretariat have highlighted that, currently, these capacity gaps are addressed post-accreditation.

As discussed in section 4.2.2, the current accreditation criteria place limited emphasis on technical competencies related to adaptation program design and management. Capacities

such as understanding climate risk, mainstreaming climate change in national development plans, climate change coordination, adaptive management of climate change, and designing and implementing climate change adaptation programmes could be seen as critical to successful adaptation.

This evaluation therefore recommends that stages of the accreditation process could include an assessment of the suitability and readiness of applicant entities to pursue accreditation with the Fund, including concerning their capabilities and experience in identifying, designing, and implementing projects related to climate change adaptation **(R3)**.

3.4 Coherence between the AF and the GCF accreditation processes

This section summarizes information on progress made by the Adaptation Fund and the Green Climate Fund (GCF) to coordinate, harmonize, and avoid duplication regarding their accreditation processes¹⁰⁸.

Summary of Findings:

- When the GCF was established, the Adaptation Fund's accreditation system served as a reference for creating the GCF's systems.
- There is a tracked record of dialogue and coordination between the Adaptation Fund and the Green Climate Fund that among others has resulted in the operationalization of the fast-track accreditation process on the basis of operational complementarities between both funds.
- Over 90% of interviewed IEs perceive the accreditation process as helpful for setting systems, policies and procedures in place to successfully apply for and manage climate finance from other funding institutions in addition to the Adaptation Fund.

Recommendations:

R5. The fast-track re-accreditation needs to become faster. In addition to any action in pursuit of R6, and in order to identify strategies leading to the desired improvement, it is suggested to include fast-track re-accreditation as a central topic in the ongoing or a future Gap Analysis of the accreditation and re-accreditation process (Decision B.41/2)

The AF and GCF are collaborating on Fast-Track Accreditation

The Adaptation Fund has a history of engaging in dialogue and coordination with the Green Climate Fund (GCF) since the latter's operationalization. **When the GCF was being established, the Adaptation Fund's accreditation system served as a reference for creating the GCF's systems.** In pursuit of complementarity and coherence, the GCF facilitated a fast-track accreditation process for any entity already accredited by the Adaptation Fund¹⁰⁹. In response, after conducting a comprehensive expert assessment to ensure

¹⁰⁸ This follows the definition of external coherence as defined in: OECD/DAC Network on Development Evaluation (2019). Better Criteria for Better Evaluation Revised Evaluation Criteria Definitions and Principles for Use. Available at: <https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>

¹⁰⁹ Decision B.08/03 (f) in: Green Climate Fund (2014). Decisions of the Board – Eighth Meeting of the Board, 14-17 October 2014. GCF/B.08/45. Available at: <https://www.greenclimate.fund/document/gcf-b08-45>

compatibility between the two systems, the Adaptation Fund approved both a fast-track re-accreditation process¹¹⁰ and, subsequently, a fast-track accreditation process¹¹¹ for entities accredited with the GCF. As of January 2024, the AF and GCF shared 35 accredited entities, specifically: 18 NIEs, 7 RIEs, 10 MIEs¹¹².

On the fast-track, any entity that has been accredited by the GCF within the four years prior to the submission of the accreditation application to the Adaptation Fund and that meets the eligibility criteria of the Operational Policies and Guidelines of the Fund¹¹³ can have an expedited accreditation process. This process involves, in part, leveraging the due diligence conducted by the GCF's Accreditation Panel for the same entity to inform the Fund's Accreditation Panel decision.¹¹⁴ By doing so, the fast-track accreditation process aims to increase the efficiency of the Accreditation Panel and reduce duplication of work between the funds and unnecessary administrative burdens for applicant entities.¹¹⁵

The current MTS (2023–2027) of the Adaptation Fund reaffirms the intention to continue to work on complementarity, coherence and synergies with other adaptation funders and actors, including on the topic of fast-track accreditation and re-accreditation with the GCF¹¹⁶.

Progress to date on fast-track accreditation

At the time of this evaluation, the fast-track accreditation process was in its early stages. Since its approval as a new track in 2019, only five entities have been accredited using this option. However, early results are encouraging. This evaluation shows that the fast-track is indeed faster (median of 9 months) than the regular accreditation process (median of 12 months).

Progress to date on fast-track re-accreditation

The fast-track re-accreditation with the Fund has been widely used by different types of entities. As of September 2023, 22 entities were fast-tracked re-accredited for the first time, and four were fast-tracked re-accredited for the second time (see Table 2 in section 2.1). IEs using this track have highlighted the many advantages of this modality, including opportunities for building communities of knowledge and exchange to better engage with other funds such as the GCF¹¹⁷.

However, the evaluation also found (see section 4.3.2) that the fast-track re-accreditation process is not faster than the regular accreditation process. The median duration for

¹¹⁰ Decision B.28/38 in: Adaptation Fund Board (2016). Report of the Twenty-Eighth Meeting of the Adaptation Fund Board. AFB/B.28/9. Available at: <https://www.adaptation-fund.org/document/report-28th-af-board-meeting/>

¹¹¹ Decision B.32/1 in: Adaptation Fund Board (2019). Report of the Thirty-Second Meeting of the Adaptation Fund Board. AFB/B.32/12, Available at: <https://www.adaptation-fund.org/document/report-thirty-second-meeting-adaptation-fund-board/>

¹¹² Note: in some cases, the GCF considers some organizations as RIEs while the AF considers them as NIEs. This is the case of e.g. the Banque Ouest Africaine de Développement (West African Development Bank) (BOAD) and the Micronesia Conservation Trust (MCT).

¹¹³ Decision B.32/1 in: Adaptation Fund Board (2019). Report of the Thirty-Second Meeting of the Adaptation Fund Board. AFB/B.32/12. Available at: <https://www.adaptation-fund.org/wp-content/uploads/2019/02/AFB.B.32.12-Report-of-the-32nd-meeting.pdf>

¹¹⁴ Adaptation Fund Board (2016) Effectiveness and Efficiency of the Accreditation Process (...). AFB/EFC.19/7/Rev.1. Available at: https://www.adaptation-fund.org/wp-content/uploads/2016/09/AFB-EFC19-7-Rev.1_Effectiveness-and-efficiency_Gap-Analysis-GCF.pdf

¹¹⁵ Adaptation Fund Board (2018) Effectiveness and Efficiency of the Accreditation Process (...). AFB/EFC.22/4. Available at: https://www.adaptation-fund.org/wp-content/uploads/2018/03/Final_AFB.EFC_22.4_Efficiency-and-effectiveness-of-the-accreditation-process_12March2018.pdf

¹¹⁶ Adaptation Fund (2022). Medium Term Strategy 2023-2027. Available at: <https://www.adaptation-fund.org/document/medium-term-strategy-2023-2027/>

¹¹⁷ Adaptation Fund (2022). Lessons Learned from the continuous process of capacity strengthening of Implementing Entities through re-accreditation to the Adaptation Fund. p. 23. Available at: <https://www.adaptation-fund.org/document/lessons-learned-from-the-continuous-process-of-capacity-strengthening-of-implementing-entities-through-re-accreditation-to-the-adaptation-fund/>

implementing entities to complete the re-accreditation process is 8 months for the regular track and 16 months for the fast-track, indicating that the fast-track does not result in a quicker process.

Several challenges and improvement areas that would support a higher efficiency of the re-accreditation in general, and particularly the fast-track re-accreditation process, are already presented under section 4.3.2 of this document. One specific challenge that has been highlighted by the AFB Secretariat is the requirement of the TMLS, a high-level statement of institutional commitment. Specifically, large MIEs were challenged to provide this statement.

Building on these gaps and suggested improvements, this evaluation suggests that **the fast-track re-accreditation process should be significantly streamlined for faster approval (R5)**. In order to identify strategies leading to the desired improvement, it is suggested to include fast-track re-accreditation as a central topic in the next Gap Analysis of the accreditation and re-accreditation process (Decision B.41/2).¹¹⁸

¹¹⁸ Decision B.41/2 in Adaptation Fund Board (2023). Report of the Forty-First Meeting of the Adaptation Fund Board. AFB/B.41/11. Available at: <https://www.adaptation-fund.org/document/report-of-the-forty-first-meeting-of-the-afb-12-13-october-2023/>

4 Summary of Recommendations

The findings presented in the previous section support the assessment of accreditation as an effective and relevant process. However, any such process should undergo continuous improvement and adjustments. The evaluation team has a number of specific recommendations for areas of improvement, which were presented in the previous section and are listed in this summary. Further-reaching food for thought and potential future areas of improvement are discussed in ‘Section 6 Outlook and further recommendations’.

Recommendations	<i>Type and Timeline / Owner of recommendations</i>
<p>R1. Climate Rationale. The Fund’s climate rationale and knowledge should be more emphasized in current accreditation related material, e-learning course and guidance toolkits. This shall facilitate a discussion of the thematic orientation of the applicant organisation and leverage co-benefits of the accreditation process with respect to technical competence.</p> <p>An assessment of the accreditation applicants’ capabilities and experience in identifying, designing, and implementing projects specifically related to climate change adaptation would be important. Key aspects to consider should include, for example, adaptation competence, the climate rationale of projects, climate risk assessment, and/or access to stakeholders exposed to climate risks or stakeholders that are able to implement locally led adaptation.</p> <p><i>[relevance, coherence]</i></p>	<p><i>Strategic/Operational By March 2024</i></p> <ul style="list-style-type: none"> · The AFB Secretariat to include relevance of climate competence in Gap Analysis. <p><i>By October 2024</i></p> <ul style="list-style-type: none"> · The AFB Secretariat to analyse and provide guidance on the skills and competences required to implement MTS (need assessment). · The AFB Secretariat to propose to the AF Board, for its consideration, ways on whether and how suggested additional criteria can be reviewed in the accreditation process. · AF Board to consider amending the accreditation process correspondingly.
<p>R2a. Updating OPG (re-)accreditation supporting materials. The OPG and the (re-)accreditation supporting materials should be updated to reflect the latest policy developments of the Fund, in particular, the new Evaluation Policy approved by the AFB in 2022. This process should include revisiting the re-accreditation criterion related to project performance assessments and aligning it with the project evaluation criteria outlined in the Fund’s new Evaluation Policy.</p> <p><i>[relevance]</i></p>	<p><i>Operational By October 2024</i></p> <ul style="list-style-type: none"> · The AFB Secretariat to review alignment of (re-)accreditation materials with the Fund policy framework. · The AFB Secretariat in collaboration with the AF-TERG to propose to the Board adjustments to the (re-)accreditation materials to reflect updates in the policy framework.

<p>R2b. The AFB Secretariat in collaboration with the AF-TERG should clarify how the assessment of past project performance is being integrated into the overall re-accreditation criteria, in alignment with the new Evaluation Policy.</p> <p><i>[relevance, effectiveness]</i></p> <p>R2c. The AF Board may wish to consider establishing a standard procedure for updating the OPG's annexes every time Fund policies are approved or amended by the Board. This procedure should include an automatism by which the AFB Sec proposes changes, and the Board approves them as soon as possible.</p> <p><i>[efficiency]</i></p>	<ul style="list-style-type: none"> · The AFB Secretariat to suggest to the AF Board, for its consideration, a standard procedure for reviews of the OPG's annexes every time Fund policies are approved or amended by the Board.
<p>R3. Capacity assessment and tailored readiness support. Early stages of the accreditation processes could include an assessment of the suitability and readiness of applicant entities to pursue accreditation with the Fund, including concerning their capabilities and experience in identifying, designing, and implementing projects related to climate change adaptation. The capacity gaps identified in individual entities during the capacity assessment should guide the support provided to the entities, including through the readiness programme, for accreditation.</p> <p>In turn, this would support a more agile access to adaptation funding by NIEs once they are accredited and advance the Fund's mandate of assisting vulnerable developing country Parties in meeting the costs of adaptation.</p> <p><i>[effectiveness, efficiency]</i></p>	<p><i>Operational</i> <i>Longer Term (12 – 24 months)</i></p> <ul style="list-style-type: none"> · The AFB Secretariat to propose to the AF Board, for its consideration, ways to assess, early on in the accreditation process, the suitability and readiness of applicant entities to pursue accreditation with the Fund. · The AFB Secretariat and the Accreditation Panel to analyze the most prevalent capacity gaps in applicants. · The AFB Secretariat to design matching capacity-building modules and support instruments.
<p>R4. Pipeline Management. Building on its upcoming Gap Analysis of the accreditation and re-accreditation process (Decision B.41/2), the AFB Secretariat should present, for the Board's consideration, a policy for the efficient management of the accreditation pipeline. This policy should specifically look at strengthening the rules for elimination from the applicant pipeline. This consideration is crucial as eligible countries are limited to having a maximum of two NIEs, and dormant organizations have the</p>	<p><i>Strategic</i> <i>By March 2024</i></p> <ul style="list-style-type: none"> · The AFB Secretariat to present to the AF Board for approval a policy for the efficient management of the accreditation pipeline.

<p>potential to hinder the nomination of other entities for accreditation.</p> <p><i>[effectiveness, efficiency]</i></p>	
<p>R5. The fast-track re-accreditation needs to become faster. In addition to any action in pursuit of R6, and in order to identify strategies leading to the desired improvement, it is suggested to include fast-track re-accreditation as a central topic in the ongoing or a future Gap Analysis of the accreditation and re-accreditation process (Decision B.41/2).¹¹⁹</p> <p><i>[efficiency, coherence]</i></p>	<p><i>Strategic</i> <i>By October 2024</i></p> <ul style="list-style-type: none"> · The AFB Secretariat should further analyse the reasons behind the fast-track re-accreditation process taking longer than the standard process. · The AFB Secretariat to propose to AF Board adjustments to the fast-track procedures.
<p>R6. Regular Reviews of the process. The AFB Secretariat should continue to implement regular reviews of the practice of the accreditation system. Such reviews should include a regular review of opportunities for enhancing clarity around the Adaptation Fund's expectations and reducing any redundancies or unnecessary bureaucratic formalities that are identified, including upon suggestion from the IEs and DAs. Examples for items to revisit are the five-year re-accreditation interval, the fast-track re-accreditation process, and opportunities to standardize steps or templates.</p> <p><i>[relevance, effectiveness, efficiency]</i></p>	<p><i>Operational</i> <i>By October 2024 and as needed</i></p> <ul style="list-style-type: none"> · The AF Board to request the AFB Secretariat to implement regular reviews of the practice of the accreditation system.
<p>R7. Differentiation of accreditation requirements. The one-size-fits all approach is providing efficiency except for when it is not suited. For specific types of entities (e.g., government ministries, research institutions) and specific types of projects, the standards could be adjusted to still satisfy the Fund's needs but better match the IEs needs. However, at this point there is no clarity if the benefits of more specific criteria schemes would outweigh the advantages. The AFB Secretariat should analyse and propose for the AF Board to consider new accreditation models with differentiated requirements for different project types and/or</p>	<p><i>Strategic</i> <i>Medium Term (6 – 12 months)</i></p> <ul style="list-style-type: none"> · The AFB Secretariat to assess the suitability of new accreditation models with differentiated requirements for accreditation for different entities / types of projects. · The AFB Secretariat to present options to the Board.

¹¹⁹ Decision B.41/2 in Adaptation Fund Board (2023). Report of the Forty-First Meeting of the Adaptation Fund Board. AFB/B.41/11. Available at: <https://www.adaptation-fund.org/document/report-of-the-forty-first-meeting-of-the-afb-12-13-october-2023/>

<p>sizes and introduce new modalities as needed, including potentially a project-specific accreditation option. Experiences of the other funds should be taken into account.</p>	
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[relevance, effectiveness, efficiency]

5 Conclusion and Outlook

This evaluation has collected evidence, as this emerged, at various points in time across the years 2022 and 2023. The evidence clearly shows that with the accreditation process, the AFB Secretariat has managed to put in place a functioning system that fulfils its purpose of facilitating broader access to climate finance resources. This sets the Fund in the position of a trailblazer on direct access and as a leader and role model among the climate funds. The very professional AFB Secretariat team did this with limited resources and high commitment. This is a big step for the global climate community.

Yet the evidence also shows that the system has its limitations. Overall, it is not very fast. Its efficiency lies in a high degree of standardization, and it is effective in raising entities' capacities due to its rigour. It can be seen as fair and efficient and thus well justified that high standards are upheld in (almost) the same manner across different types of organizations. But if in the future there is a high influx of applicants or different applicants are noted, the system would most likely reach its limits very fast.

Therefore, in this section, we pivot our focus towards the future and raise some strategic questions and considerations that have surfaced during this evaluation. The stocktaking is a good opportunity to take a step back and think about the continued relevance and effectiveness of accreditation efforts in an ever-evolving climate landscape. This landscape is evolving on the funding side, for example, with the emergence of new mechanisms like the Loss and Damage fund. This landscape is also evolving on the side of developing country Parties, where the local needs and abilities to reduce vulnerability to climate change are increasing. The look to the future is motivated by maximizing the speed and intensity of climate action through minimizing the cost and effort of accessing it.

In its current form, the accreditation process is structured to mitigate risks to the integrity of the Fund, and specifically risks of misuse of funds. In the private sector, certification and due diligence service providers are taking on this function. A key question is the extent to which the main purpose of the accreditation process is focused on ensuring accountability with regard to the implementation of fiduciary aspects or whether it is intended to have a broader remit. As it currently stands, the accreditation process includes requirements on safeguards, gender and evaluation policy, which go beyond pure fiduciary aspects, implying that the capacities needed for implementing AF projects go beyond mere accounting skills. On the other hand, the process includes very few requirements with respect to understanding climate change, the risks it poses and the ways to mitigate these risks.

From the current processes, it is unclear whether the ability of the entities to design projects with a strong climate emphasis is a key consideration of the accreditation. From a review of the final evaluations, the AF-TERG has noted that these documents typically do not discuss climate adaptation benefits, which would suggest that this aspect is given marginal importance in the implementation of projects and for the implementing entities.

Our examination also prompts us to question whether the current accreditation process, which predominantly centers on fiduciary standards, sufficiently takes into account other factors that would maximize the delivery of adaptation benefits or other co-benefits. Could improved processes and policies in the organisations be more aligned with adaptation or specific sectors in accordance with the Fund's mandate? Specifically, with respect to reaching the most vulnerable tiers of the population while the accreditation process empowers individual countries to shape their climate adaptation initiatives, it would be important to consider whether alternative modalities could expedite the flow of adaptation finance to areas in dire need.

In order to develop direct access in line with the growing ambition and vision of the Fund, the AF-TERG suggests consideration of three strategic options by the Fund:

- a) **Continue to implement incremental improvements to the existing process, relying on the (proven) competence of the AFB Secretariat and the AP.** Some of the suggestions for this are provided in this report, and avenues include the continued reviews undertaken by the AFB Secretariat (like the ongoing Gap Analysis). This will require continued attention by the Secretariat and discussions on how the scheme should be adjusted, and potentially increased resources for the process. There is some risk that this approach might result in “mission creep”, i.e. a temptation to overload the process, or increase pressure on in-house capacities of AFB Secretariat and AP.
- b) **Focus mainly on the fiduciary aspects,** with other substantive aspects (climate rationale, safeguards policies, gender policy, evaluation policy, and other project management aspects) to be dealt with in other contexts, for example, through readiness support or during project implementation.
- c) **Rethink the process fundamentally, including by relaxing requirements, to allow faster and broader access to the AF resources.**

Options b) and c) would open the way for trailblazing new modalities to bring efficiencies for the Fund and for the IEs, as well as to address current challenges in the process. For example, they could use the services of the private sector. Generally, the private sector is dealing with similar fiduciary risks well, and has developed very good tools for that, including insurance and compensation mechanisms. Unlike public authorities and funds, the private sector and its financial service providers are able to monetize the risks of misallocation of funds and the risks of fraud, embezzlement and other crimes which the accreditation procedure is attempting to brace for. It might be worth considering “outsourcing” this risk to the private sector by having a private agent assure the fiduciary reliability of the entities, provide support as needed, be liable for misconduct, and mitigate its own risk through insurances or other financial instruments. This might also have a cost implication – and as the AF’s accreditation process is cost-free for the applicants, this cost would have to be borne by the Fund. However, it might have benefits with respect to the scalability and speed of the process, operational details like the range of languages that can be accepted, and the management of reputational risks for the Fund.

The choice depends significantly on the expectations of the AFB regarding the role that Direct Access and the NIEs should play, including with a view to the future. For instance, this might include consideration of issues as follows: Is there an optimal number of accredited entities given the current and projected resources available to the Fund? What is the expectation for the role of the NIEs, and is the process suited to support them? Currently, the number of countries with NIEs is comparatively low, and this warrants scrutiny. Are countries without NIEs successfully accessing climate adaptation financing, as well? If the role of NIEs should be bigger, how can we ensure that more entities become part of the system?

6 Appendix A. List of Key Informant Interviews

No.	Position/Role	Organization	Date of Interview
1	Panel Member	AF-TERG	19/12/22
2	Panel Member	AF-TERG	16/1/23
3	Panel Member	AF-TERG	19/1/23
4	Panel Member	AF-TERG	17/1/23
5	Panel Member	AF-TERG	19/1/23
6	Manager	AF Secretariat	31/1/23
7	Accreditation Consultant	AF Secretariat	9/12/22
8	Senior Program Officer	AF Secretariat	9/12/22
9	Readiness Program Officer	AF Secretariat	14/12/22
10	Senior Accreditation Specialist	GCF	15/2/23
11	Policy Group	GEF	16/2/23
12	Green Funds Project Analyst	CABEI	26/4/23
13	Specialist of Green Funds Resource Mobilization, Partnerships, and International Cooperation Department		
14	Program manager	CASM	22/5/2023
15	Executive Director		
16	Planning, Monitoring and Evaluation Manager		
17	Secretary at CASM head office		
18	Program manager		
19	Administrative Manager		
20	Project Officer	WMO	27/4/23
21	Project Officer, Project Management and Implementation Unit		
22	Executive Director	FIRCA	26/4/23
23	Readiness Program Officer	AF Secretariat	24/1/23
24	Readiness Consultant	AF Secretariat	26/1/23
25	Director	EPIU	28/4/2023

7 Appendix B. Qualitative Topical Outline Tool

Audience	Lines of Questioning/Topics for Discussion
AF Secretariat	<ul style="list-style-type: none"> • Strategic Priorities of The Fund • Engagement in Accreditation Process • Probe on interactions between Accreditation Panel, the Secretariat and the applicant • Examples of adaptive management • Probe on external factors that have impacted accreditation process
AF Accreditation panel	<ul style="list-style-type: none"> • Reflection on Accreditation Criteria: which IEs does it hinder/help • Reflection on Readiness Component • Reflection on re-accreditation process • Probe on fast-track application process and outcomes • Stress test of accreditation process with expected influx • Probe on interactions between Accreditation Panel, the Secretariat and the applicant • Examples of adaptive management • Probe on efficiency of the accreditation process • Probe on external factors that have impacted accreditation process
AF Board	<ul style="list-style-type: none"> • Strategic Priorities of The Fund • Engagement in Accreditation Process • Probe on interactions between Accreditation Panel, the Secretariat and the applicant • Examples of adaptive management • Probe on efficiency of the accreditation process • Probe on external factors that have impacted accreditation process
Other Funds	<ul style="list-style-type: none"> • Probe on their funding/application processes • Probe on changes/updates to funding/application processes and why: specifically lessons learned • Engagement with Adaption Fund • Engagement with Accreditation process, effectiveness • Probe on volume and how this is managed

8 Appendix C. E-survey response form

<p>Thematic Evaluation of the Adaptation Fund Accreditation Process</p>
<p>Survey Consent</p> <p>Dear Adaptation Fund Implementing Entity Representative</p> <p>The Technical Evaluation Reference Group of the Adaptation Fund invites you to participate in this survey that is part of an evaluation examining how the accreditation and readiness function of the Adaptation Fund can be strengthened and scaled up to better meet the anticipated increase in demand for access to funding and support its Medium-Term Strategy (2023-2027). The aim of the survey is to explore your perception of the accreditation process and the readiness activities that support accreditation. By sharing your experience and perspectives in this survey, you will contribute to strengthening the Adaptation Fund's accreditation process and readiness activities. Your responses will be kept CONFIDENTIAL and used as an aggregate of all responses from this activity. Your participation is voluntary. Thank you for taking the time to complete this survey.</p> <p>*** The survey should be completed by an individual who has in-depth knowledge of the entity's accreditation experience***</p> <p>* Do you agree to participate in this survey? Yes. No.</p>
<p>Organisation Information</p> <p>* What is the name of your organisation? (The name of your organisation will be kept confidential and your responses are not linked to the name of your organisation)</p> <p>* 1] Is your entity a: Regional Implementing Entity. National Implementing Entity. Multilateral Implementing Entity</p> <p>* 2] Which of the following describe how you got accredited by the Adaptation Fund? Also indicate if your organisation is re-accredited with the Adaptation Fund. (Select all that apply) Regular Accreditation Streamlined Accreditation Fast Track Accreditation Regular Re-accredited Fast-Track Re-accredited</p>
<p>Accreditation Process</p> <p>We would like to hear more about your perceptions of your accreditation experience with the Adaptation Fund.</p> <p>* 3] The accreditation process was efficient, i.e., no unnecessary delays; financial, time and human resource investments required by the applicant were reasonable and the time spent led to the expected results. Strongly agree. Agree. Neither agree nor disagree. Disagree. Strongly disagree. Please provide additional detail on your answer here:</p>
<p>* 4] The accreditation process was effective, i.e., the process ensured that systems, policies and processes were in place to successfully apply for and manage climate finance grants from the Adaptation Fund. Strongly agree. Agree. Neither agree nor disagree. Disagree. Strongly disagree. Please provide additional detail on your answer here:</p>
<p>* 5] The accreditation process was helpful in setting systems, policies and procedures in place to successfully apply for and manage climate finance grants from other funding institutions other than the Adaptation Fund. Strongly agree. Agree. Neither agree nor disagree. Disagree. Strongly disagree. Please provide additional detail on your answer here:</p>
<p>* 6] The accreditation process played an important role in my organization's technical capacity to successfully implement climate adaptation programmes. Strongly agree. Agree. Neither agree nor disagree. Disagree. Strongly disagree. Please provide additional detail on your answer here:</p>
<p>* 7] My organisation's accredited status with the Green Climate Fund or Global Environmental Facility fully prepared it for the accreditation process with the Adaptation Fund i.e., Made it easier and quicker to meet the accreditation criteria. Strongly agree. Agree. Neither agree nor disagree. Disagree. Strongly disagree. Please provide additional detail on your answer here:</p>

<p>* 8] The Accreditation Panel provided the necessary advice, support, and accompaniment throughout the accreditation process. Strongly agree. Agree. Neither agree nor disagree. Disagree. Strongly disagree. Please provide additional detail on your answer here:</p>
<p>* 9] The Adaptation Fund Board Secretariat provided the necessary advice, support, and accompaniment throughout the accreditation process. Strongly agree. Agree. Neither agree nor disagree. Disagree. Strongly disagree. Please provide additional detail on your answer here:</p>
<p>Readiness Support We would like to hear your perceptions about the Readiness Support you received from the Adaptation Fund during your accreditation process.</p>
<p>* 10] During the accreditation process (not after accreditation) did you receive any of the following readiness support from the Adaptation Fund? (Select all the support you received) South-South Cooperation grant. Readiness Package Grant. Non-financial support (Seminars, workshops). No readiness support was received from the Adaptation Fund. Other forms of support (elaborate) (Please specify)</p>
<p>* 11] Readiness Financial support provided (South-South Cooperation grants or Readiness Package Grant) played an important role in enabling my organisation to meet the accreditation criteria and achieve accreditation. Strongly agree. Agree. Neither agree nor disagree. Disagree. Strongly disagree. Please provide additional detail on your answer here:</p>
<p>* 12] The Readiness Non-Financial support (Seminars, workshops, and Webinars) played an important role in enabling my organisation to meet the accreditation criteria and achieve accreditation. Strongly agree. Agree. Neither agree nor disagree. Disagree. Strongly disagree. Please provide additional detail on your answer here:</p>
<p>* 13] The Adaptation Fund's E-learning Course on Direct Access played an important role in enabling my organisation to meet the accreditation criteria and achieve accreditation. Strongly agree. Agree. Neither agree nor disagree. Disagree. Strongly disagree. Please provide additional detail on your answer here:</p>
<p>* 14] The Readiness support my organisation received was timely for the accreditation application activities. Strongly agree. Agree. Neither agree nor disagree. Disagree. Strongly disagree. Please provide additional detail on your answer here:</p>
<p>* 15] The overall readiness support provided contributed significantly to my organisation meeting the needs of the Adaptation Fund accreditation process. Strongly agree. Agree. Neither agree nor disagree. Disagree. Strongly disagree. Please provide additional detail on your answer here:</p>
<p>Re-accreditation We would like to hear more about your re-accreditation experience.</p>
<p>* 16] The re-accreditation process was efficient, i.e., no unnecessary delays; financial, time and human resource investments required by the applicant were reasonable and the time spent led to the expected results. Strongly agree. Agree. Neither agree nor disagree. Disagree. Strongly disagree. Please provide additional detail on your answer here:</p>
<p>* 17] The Accreditation Panel provided the necessary advice, support, and accompaniment throughout the re-accreditation process. Strongly agree. Agree. Neither agree nor disagree. Disagree. Strongly disagree. Please provide additional detail on your answer here:</p>
<p>* 18] The Adaptation Fund Board Secretariat provided the necessary advice, support, and accompaniment throughout the re-accreditation process. Strongly agree. Agree. Neither agree nor disagree. Disagree. Strongly disagree. Please provide additional detail on your answer here:</p>

9 Appendix D. E-survey results summary

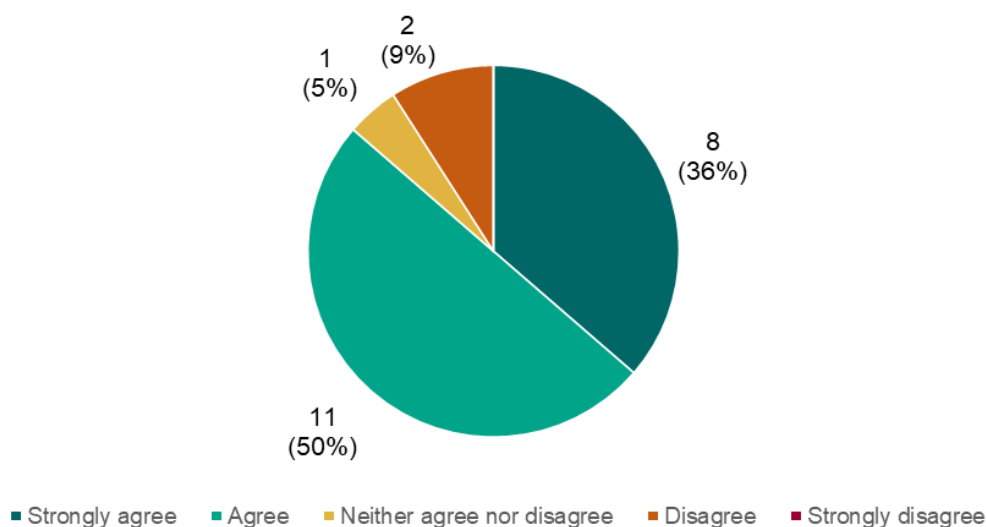
The evaluation team received feedback from successfully accredited Implementing Entities (IEs) regarding their perception of their experience with the accreditation process through an e-survey¹²⁰. A total of 22 complete responses to the e-survey were collected (40 per cent of all IEs), consisting of 18 NIEs and 4 MIEs/RIEs. Because the identity of applicant entities remains confidential during the accreditation process, no unsuccessful applicants were contacted.

Figure 13 shows the extent to which IEs generally agree that the accreditation process was effective, i.e., the process ensured that systems, policies and processes were in place to successfully apply for and manage climate finance grants from the Adaptation Fund.

Overall, the results were positive. Over 80 per cent of respondents agree or strongly agree that the process was effective. One NIE noted that *"The accreditation process was so effective that it has strengthened [name of organization] by putting environmental, social and gender policies into practice in all our projects and has helped us to manage climate finance grants of the Adaptation Fund."* Another NIE stated that *"The process helped us to once again verify our capacities to implement and manage climate finance projects."*

A NIE that found the process not effective elaborated as a reason that *"after obtaining the accreditation we had difficulties to have the necessary clarity of what are the funding options and how is the process, so it has been a little late and so far, we have no funded project yet."*

Figure 13. The accreditation process was effective, i.e., the process ensured that systems, policies and processes were in place to successfully apply for and manage climate finance grants from the Adaptation Fund (n=22).



IEs were also asked about the role of the accreditation process in improving their organization's technical capacity to successfully implement climate adaptation programmes (Figure 14). About 70 per cent of the respondents either strongly agree or agree with the statement that the accreditation process played an important role. Further elaboration by NIEs included:

"(...) The accreditation to AF [Adaptation Fund] has provided an opportunity to improve [the country's] future bargaining capacity to access climate finance 'at scale', creating a positive cycle of funding successful projects. The experience of project development under the AF's normal funding window and specialized windows like Innovation, Enhanced Direct Access,

¹²⁰ Details of the e-survey can be found in Appendix A. Methodology.

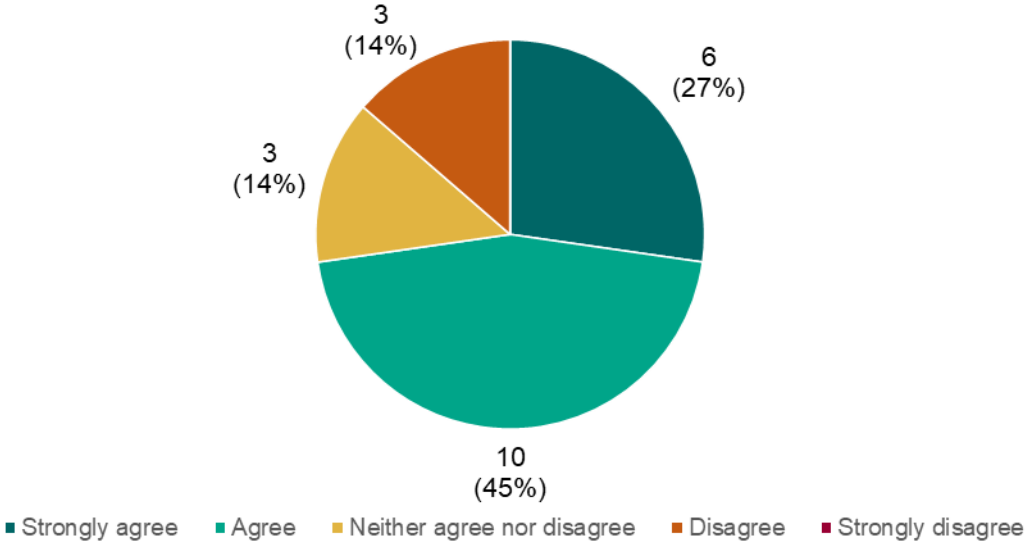
Readiness Support Package, etc. has fostered our institutional capacities to focus more on locally led programmatic level projects. Throughout the project implementation stages, the effects of institutional development (here at [name of the organization]) are radiated to project partners downstream (from [name of the organization] to the executing entities) through strengthening of monitoring, evaluation and reporting aspects. The tools, policies/procedures and frameworks developed during the accreditation/re-accreditation process has improved the operation and effectiveness of project cycle management capacities of the climate change projects."

And

"As we explored and started to use AF respective guidelines and policies intensively our capacities regarding environmental, social and gender aspects of project implementation strongly increased."

One reason pointed out for disagreement by a RIE was that *"the accreditation process does not necessarily establish how to successfully implement climate adaptation programs but rather improves the technical and administrative capacity of international third-party funding programs."*

Figure 14. The accreditation process played an important role in my organization's technical capacity to successfully implement climate adaptation programmes (n=22).



Implementing Entities' perception of the Accreditation Panel during accreditation and re-accreditation

73 per cent of IEs strongly agree or agree that the Accreditation Panel provided them with the necessary advice, support, and accompaniment throughout the **accreditation process** (Figure 15). Positive feedback included notice that *"We were tightly in touch with the colleagues from Accreditation Panel and the cooperation was transparent and effective"* and that *"Throughout the process, [name of the organization] was permanently monitored by the accreditation panel, with observations and suggestions that facilitated the approval to become an NIE."* Further feedback from respondents that disagreed with the statement included *"the team of reviewers did not speak Spanish, and this made the exchange a little difficult"*. Another entity pointed to the relevance of in-person workshops in exchanging information with the AP and moving forward in the accreditation process.

About 65 per cent of IEs strongly agree or agree that the Accreditation Panel provided them with the necessary advice, support, and accompaniment throughout the **re-accreditation process** (Figure 16). From these, one entity mentioned that *"No problems or issues occurred during the continuous cooperation with the Accreditation Panel"*. In turn, another IE indicated that the Panel did not seem to understand their responses and that it took numerous exchanges to resolve relatively simple issues. An additional IE indicated that they got little support from the Panel.

Figure 15. The Accreditation Panel provided the necessary advice, support, and accompaniment throughout the **accreditation process** (n=22).

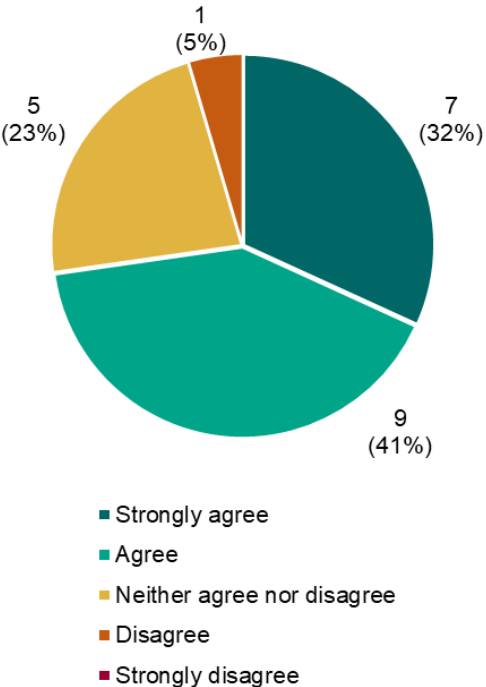
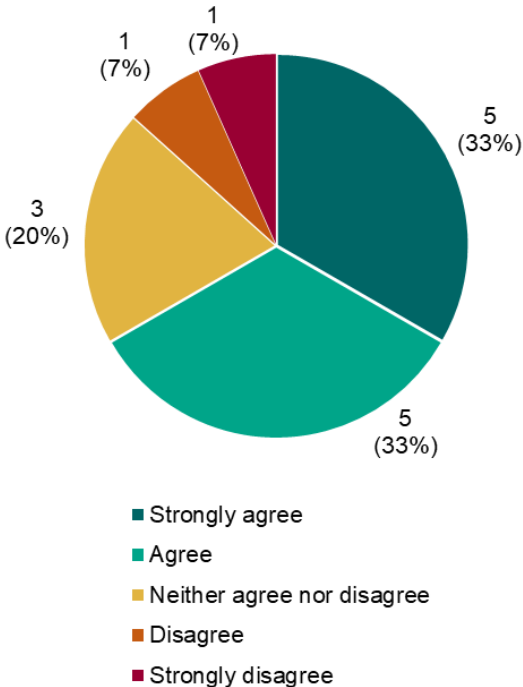


Figure 16. The Accreditation Panel provided the necessary advice, support, and accompaniment throughout the **re-accreditation process** (n=15).



Perception of Implementing Entities of the Secretariat's support to accreditation

Overall, IEs perception of the AFB Secretariat's support to **accreditation** was very positive. Over 85 per cent of IEs either strongly agree or agree that the AFB Secretariat provided the necessary advice, support, and accompaniment throughout the accreditation process (Figure 17).

The great majority of IEs (80 per cent) strongly agree or agree that the AFB Secretariat provided the necessary advice, support, and accompaniment throughout the re-accreditation process (Figure 18). One IE cited "no problems or issues occurred during the continuous cooperation with the AFB Secretariat." While another stated that "[Name of the organization] has timely received the mail (notice) from AFB Secretariat related to expiration of our re-accreditation term as an NIE to AF on [date] i.e., ~ 11 months before the expiration of re-accreditation term ending on [date]. The "Re-accreditation Process" guidance document (Revised in October 2019) which was forwarded to us by the AFB Secretariat vide above mail has provided us preliminary information to prepare and submit our Re-accreditation application to the AF before the deadline. We will be looking forward to receiving further support/accompaniment from AFB Secretariat for successfully completing our 2nd term re-accreditation as an NIE to AF."

Figure 17. The Adaptation Fund Board Secretariat provided the necessary advice, support, and accompaniment throughout the **accreditation** process (n=22)

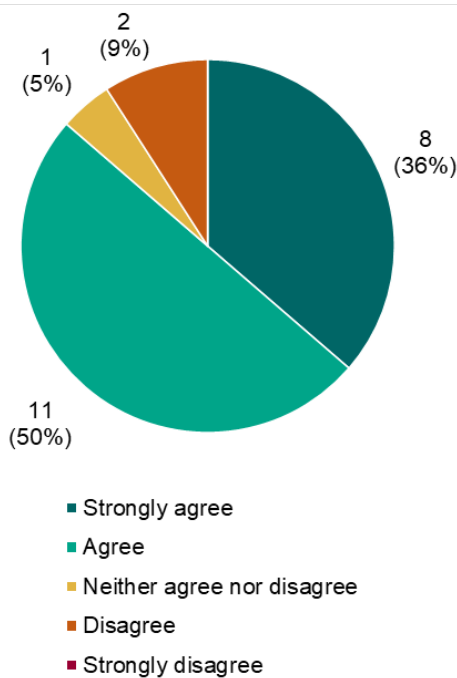
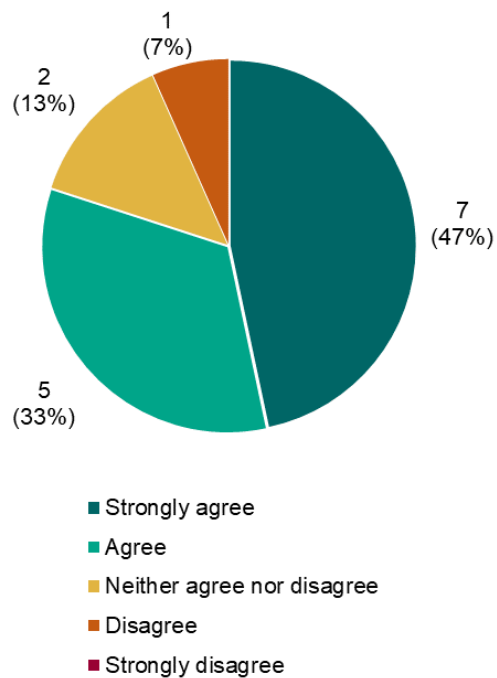


Figure 18. The Adaptation Fund Board Secretariat provided the necessary advice, support, and accompaniment throughout the **re-accreditation** process (n=15).



Perception of Implementing Entities of the efficiency of the accreditation and re-accreditation process

IEs' perception of the efficiency of the accreditation and re-accreditation processes was less favourable. In both cases, less than 50 per cent characterized these processes as efficient (see Figure 19 and Figure 20). Contributing to this perception in both accreditation and re-accreditation are factors such as the substantial time investment required to navigate these processes. Often, this entails mobilizing multiple departments simultaneously to provide the necessary documentation. The extended response time to inquiries and delays in addressing documents uploaded to the Adaptation Fund's Accreditation Workflow online system were identified as additional factors contributing to the perceived inefficiency in these processes. Factors contributing to this perception as stated by IEs are discussed under Section 4.3.

Figure 19. The accreditation process was efficient, i.e., no unnecessary delays; financial, time and human resource investments required (n=22).

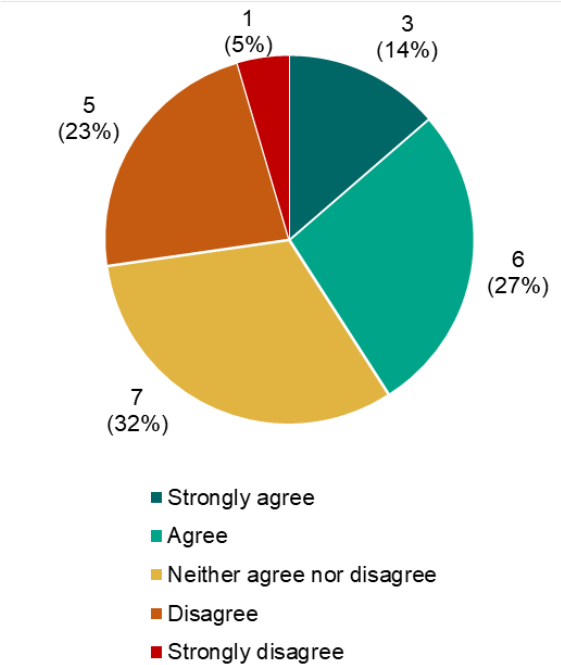


Figure 20. The re-accreditation process was efficient, i.e., no unnecessary delays; financial, time and human resource investments required by the applicant were reasonable and the time spent led to the expected results (n=15).

