



## ADAPTATION FUND

AFB/PPRC.33/47  
1 April 2024

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Adaptation Fund Board  
Project and Programme Review Committee  
Thirty-third Meeting  
Bonn, Germany, 16-19 April, 2024

Agenda item 24)

# **REPORT TO EXPLORE BROADENING THE SCOPE AND REACH OF TECHNICAL ASSISTANCE GRANTS UNDER THE READINESS PROGRAMME**

## Background

1. The Adaptation Fund Board (the Board) at its twenty-first meeting recognized the need for a programme to support readiness for direct access to climate finance for national and regional implementing entities and requested the secretariat to prepare a programme proposal for such a programme. The Board at its twenty-second meeting approved phase I of the readiness programme as detailed in document AFB/B.22/6 (decision B.22/23), which was launched in May 2014.

2. The readiness programme as detailed in document AFB/B.22/6 included provisions for delivering technical assistance to support the accreditation or re-accreditation process to develop or strength a particular function relevant to the fiduciary standards and/or the environmental and social policy. The technical assistance could for example, support development of a more robust internal audit system, environmental and social management system, risk management system, or aide in familiarization with the principles of the Fund's environmental and social policy etc. It was expected that the technical assistance would result in increased capacity of national and regional entities to meet the Fund's fiduciary standards and increased capacity of accredited national and regional organizations to undertake appraisals of and assess risks within adaptation projects/programmes.

3. At its twenty-third meeting, the Board had discussed the execution arrangements for the readiness programme presented in document AFB/B.23/5, including the comments that had been made by Board members intersessionally between the twenty-second and twenty-third meetings of the Board. Following a discussion, the Adaptation Fund Board decided to:

- a) *Approve the execution arrangements, criteria/eligibility criteria to allocate the funds to the accredited implementing entities for specific activities, and timeline of activities under the Readiness Programme, as contained in document AFB/B.23/5;*
- b) *Request the secretariat to proceed with the implementation of the programme in accordance with the approved criteria; and*
- c) *Request the secretariat to submit to the Board intersessionally between the twenty-third and twenty-fourth meetings a document outlining options for the development of the adaptation finance readiness knowledge exchange.*

(Decision B.23/26)

4. Subsequently, the readiness programme was formally launched in May 2014 and technical assistance grants were made available to national implementing entities (NIEs) only, to help them comply with the Fund's environmental and social policy.

5. Discussions under the Conference of the Parties serving as meeting of the Parties to the Kyoto Protocol (CMP) also expressed support for the Fund's delivery of capacity building to developing countries and the tenth session the CMP (CMP 10), the Parties decided to invite further support for the readiness programme of the Adaptation Fund Board for direct access to climate finance in accordance with decision 2/CMP.10, paragraph 5. The Parties also requested the Board to consider, under its readiness programme, the following options for enhancing the access modalities of the Adaptation Fund:

- a) *Targeted institutional strengthening strategies to assist developing countries, in particular the least developed countries, to accredit more national or regional implementing entities to the Adaptation Fund;*
- b) *Ensuring that accredited national implementing entities have increased and facilitated access to the Adaptation Fund, including for small-sized projects and programmes;*

6. At its twenty-seventh meeting, the Board through decision B.27/38 approved phase II of the readiness programme and further refined the support to NIEs through technical assistance grants as outlined in document AFB/B.27/7/Rev.1. The Board categorized technical assistance grants into three types: Technical Assistance Grants for the Environmental and Social Policy (TA-ESGP), Technical Assistance Grants for the Gender Policy (TA-GP), and Project Formulation Assistance (PFA) Grants. However, it should be noted that at its thirty-seventh meeting, the Board had discussed discontinuing PFA grants and merging the grant with Project Formulation Grants (PFGs), effectively increasing the PFGs from US\$30,000 to US\$50,000. At this meeting, having considered the recommendation of the Project and Programme Review Committee (PPRC), the Adaptation Fund Board decided:

- a) *[...];*
- b) *[...];*
- c) *[...];*
- d) *To raise the maximum amount of individual project formulation grants available to national implementing entities to US\$ 50,000.*
- e) *To discontinue project formulation assistance grants for future review cycles.*

(Decision B.37/1)

7. At its forty-first meeting, the Board had discussed document AFB/PPRC.32/30 which outlined the report of the secretariat on the intersessional review cycle for readiness grants. Having considered the recommendation of the Project and Programme Review Committee the Adaptation Fund Board (the Board) decided to:

- a) *Request the secretariat to prepare an analysis on the possibility of broadening the scope, eligibility criteria and type of technical assistance grants available to national and regional implementing entities, and to present the report at the thirty-third meeting of the PPRC;*
- b) *Update the review cycle for readiness grants as depicted in Figure 2 of document AFB/PPRC.32/30 and invite the implementing entities of the Adaptation Fund to submit responses to the initial technical review within two weeks of receiving the initial technical review; and*
- c) *Request the secretariat to notify all the accredited implementing entities of the Fund of the updated review cycle.*

(Decision B.41/15)

8. Further, Parties at the eighteenth session of the CMP (CMP18) decided to request the Board to strengthen the capacity of NIEs to address their long-term capacity-building needs. The CMP requested the Adaptation Fund Board to continue to enhance access to the Fund and country ownership by:

- (a) Considering strengthening the readiness activities for national implementing entities, considering their long-term capacity-building needs;*
- (b) Enhancing the accreditation and project and programme approval processes;*
- (c) Enhancing engagement between regional implementing entities and developing countries on regional, multi-country project design and implementation*

9. The current report has been prepared following the request in Decision B. 41/15 subparagraph (a).

### **Overview of the process to broaden the scope and reach of technical assistance grants**

10. In October 2022, the Board approved the AF second Medium-term Strategy 2023-2027 (MTS II), which consolidates the Fund's niche and comparative advantage, reconfirms the strategic areas of Action, Innovation and Learning and Sharing. MTS II and its implementation plan, approved by the Board in March 2023, foresees an expanded readiness programme through which the Fund actively supports use of its Direct Access modality by eligible developing countries and provides readiness and capacity-building support for project development and implementation. Expected Result (ER) 2 under the MTS II implementation plan reinforces the crosscutting strategic emphasis on enhancing access to climate finance and long-term institutional capacity. In addition, activity 1.4 under ER 2 proposes that TA grants should be increased in amount and broadened in scope and eligibility criteria to access TA grants once per accreditation cycle for the environmental and social policy (ESP) and gender policy (GP). It also proposes that TA grants should be expanded to other areas of technical expertise needed by NIEs such as enhanced direct access (EDA), locally-led adaptation (LLA), innovation, evaluation and should consider expanding eligibility for TA grants to regional implementing entities (RIEs).

11. The secretariat is undertaking a planning process to align the readiness programme activities with evolving country needs and to develop an enhanced readiness programme according to MTS II. As part of this process the secretariat is carrying out a comprehensive review of the readiness programme delivery instruments, country demand for capacity-building, and will explore possible areas of leverage and expansion. This includes exploring the possibility of expanding the scope of TA grants and their availability to RIEs based on needs under specific funding windows, as well as under specific ESP and GP related issues related to innovation, LLA, evaluation, and additional Fund policies that are currently being considered by the Board, etc.

12. Whilst the secretariat is carrying out its own review process, it had also consulted the Fund's Technical Evaluation Reference Group (TERG) to undertake a thematic evaluation of the readiness programme. The purpose of the thematic evaluation would be to undertake a comprehensive assessment of the readiness programme since its inception and to chart a course for its future in supporting enhanced developing country access to climate finance through the Fund's Direct Access modality and delivering more effective capacity-building to NIEs and RIEs throughout the Fund's project life cycle. This includes a comprehensive assessment of the readiness programme

implementation modalities, in particular, available technical assistance grants and readiness workshops.

13. To avoid duplication with the comprehensive thematic evaluation of the TERG, the secretariat's scope of work in its review process to enhance the readiness programme would focus on crowd sourcing stakeholder feedback via readiness events and capacity-building events held by partners throughout calendar year 2024. The results from the thematic evaluation by the TERG would feed into the overall internal review process by the secretariat. The result from both complementary efforts would be summarized in a paper on a proposed enhanced readiness programme for the Fund to be presented to the Board at its forty-fourth meeting.

#### **Draft recommendation**

14. The PPRC may wish to consider document AFB/PPRC.33/47 and recommend to the Board to:

- a) Take note of the complementary processes underway by the secretariat and the Technical Evaluation Reference Group (TERG) to undertake a comprehensive review of the readiness programme; and
- b) Request the secretariat, following the comprehensive review mentioned in (a), to consolidate results from both processes and submit a paper to the PPRC at its thirty-fifth meeting outlining an enhanced readiness programme. The enhanced readiness programme should, among other things, focus on demand-driven support; expand in scope and in recipients; deliver tailored support; and strengthen readiness partnerships and collaboration. The paper should also include an analysis on the possibility of broadening the scope, eligibility criteria and type of technical assistance grants and their availability to national and regional implementing entities.