



ADAPTATION FUND

AFB/B.43/7
23 September 2024

Adaptation Fund Board
Forty-third meeting
Bonn, Germany, 10-11 October 2024

Agenda item 8

**PROPOSED AMENDMENTS TO THE PROVISIONS OF
THE OPERATIONAL POLICIES AND GUIDELINES RELATED
TO THE DESIGNATED AUTHORITIES OF THE FUND**

Background and mandate

1. The Implementation Plan (IP) for the second Medium Term Strategy for the period of 2023 to 2027 (MTS 2023 – 2027), as adopted by the Board (Decision B.40/72)¹ proposes dedicated support to the Fund’s Designated Authorities (DAs) and focal points as means to enhance countries’ access to climate finance and their long-term institutional capacities.²

2. In order to harness the potential of dedicated support to DAs for enhancing developing countries’ access to climate finance, the MTS IP identifies the following barrier and proposed action:

*“Since DAs and focal points are appointed as individuals, their high turnover is a barrier towards building long-term institutional capacities. **The Board might wish to consider changing the relevant provisions in the Fund’s OPG for institutions rather than individuals to serve as DAs and focal points, which is a model followed by some other funds.** Strengthening DA capacities will be critical to maximizing the Fund’s relevance to country needs as articulated in national adaptation planning processes, including NAPs, NDCs, and Adaptation Communications.”* [emphasis added].

3. Having considered this proposed action in the draft MTS IP, as contained in annex I to document AFB/B.40/5/Rev.1, the Board decided to request the secretariat:

(a) To prepare an analysis of the provisions of the Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund related to the designated authorities of the Fund, with a view to providing options for Fund support to enhance the capacity of designated authorities; and

(b) To present the analysis to the Board for consideration at its forty-first meeting.

(Decision B.40/73)

4. At the forty-second meeting of the Board held in April 2024, the secretariat presented an analysis of the provisions of the Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund related to the DAs of the Fund, as contained in document AFB/B.42/6³. The secretariat also presented two options for enhancing the capacity of Designated Authorities, based on the analysis of the DA-related provisions of the OPG and the practices of other climate funds.

- i. Option 1: No change to the DA-related provisions in the OPG. The DA should remain one individual within the government; OR*

¹ Available at : <https://www.adaptation-fund.org/document/implementation-plan-for-medium-term-strategy-of-the-fund-for-the-period-2023-2027/>

² See MTS Implementation Plan for 2023 to 2027, p. 36.

³ Available at: <https://www.adaptation-fund.org/document/analysis-of-the-provisions-of-the-operational-policies-and-guidelines-for-parties-to-access-resources-from-the-adaptation-fund-related-to-the-designated-authorities-of-fund/>

- ii. *Option 2 (recommended option): Amend the relevant provision in the OPG from “an officer” to “an entity” and allow the nomination of primary or secondary contact points/focal points in that entity (GCF model).*

5. Based on the analysis presented at the forty-second meeting of the Board, the Board decided:

- (a) *To request the secretariat to propose options for amending the provisions related to the Designated Authorities (DAs) of the Adaptation Fund contained in the Fund’s Operational Policies and Guidelines with a view to enhancing the capacity of DAs, taking into account the discussion on option 2 of document AFB/B.42/6 during the forty-second meeting of the Board, to the Board for consideration at its forty-third meeting;*
- (b) *To request the secretariat to also present, as part of the options in sub-paragraph (a), an analysis of their operational implications, taking into consideration relevant practices of other climate funds and consultations with relevant stakeholders, to the Board for consideration at its forty-third meeting.*

(Decision B.42/52)

6. In accordance with Decision B.42/52, this document contains an analysis of the operational implications of amending the relevant provision in the OPG by replacing the Designated Authority from “an officer” to “an entity” and a summary of consultations with relevant stakeholders, with the view to enhancing the capacity of DAs and improving coherence with other climate funds, to propose options for amending the provisions related to the Designated Authorities.

Analysis of the amending relevant provisions in the OPG taking into account the Green Climate Fund model (‘entity’ as a DA)

7. The Green Climate Fund (GCF) model was presented as a recommended option in document AFB/B.42/6 as having the DA as an entity would facilitate broad strategic engagement by the governments and the implementing entities in the Fund’s activities, thereby enhancing consistency and alignment with national climate strategies and plans. By serving as the interface between each country and the Fund, government institutions, commonly ministries, would contribute to enhancing countries’ access to climate finance and their long-term institutional capacities.

8. The *Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund (OPG) (Amended in October 2022)*⁴ states in paragraph 21 that the Designated Authority shall be an “officer” within the government administration of the Party:

⁴ Available at: https://www.adaptation-fund.org/wp-content/uploads/2017/08/Amended-OPG_Oct-2022_2.pdf.

*“21. Each Party shall designate and communicate to the secretariat the authority that will represent the government of such Party in its relations with the Board and its secretariat. **The Designated Authority shall be an officer within the Party’s government administration.** The communication to the secretariat shall be made in writing and signed by either a Minister, an authority at cabinet level, or the Ambassador of the Party.”* [Emphasis added]

9. The GCF document on *Initial best-practice guidelines for the selection and establishment of national designated authorities and focal points*⁵ (GCF best-practice guidelines) presents the mandate of National Designated Authority (NDA) as an “institution” as follows:

*“**The selected institution** should ideally have a mandate that enables the institution to work on and influence an appropriate combination of economic policy and development planning, with appropriate leverage over climate change, energy, sustainability and environmental resource management priorities, strategies and plans.”*⁶

...

*“**Countries may choose to mandate a focal point while undertaking a process for selecting and establishing an appropriate NDA** and setting up all its necessary institutional capacities and country coordination mechanisms, or in cases where special national circumstances so determine. The focal point will therefore fulfil all functions until the NDA is established.”*⁷ [Emphasis added]

10. In the GCF, NDAs are government institutions that serve as the interface between each country and the GCF. NDAs provide broad strategic oversight of the GCF’s activities in the country and communicate the country’s priorities for financing low-emission and climate-resilient development. Currently, 148 countries have designated an NDA /focal point.⁸

11. In practice, countries can use a GCF template⁹ to inform GCF of the intention to nominate an entity as NDA or focal point. The template includes the name of the organization with the head of the organization, a primary contact, and an additional/ secondary contact point. Based on the NDA nomination letters, contact points’ information accessed on the GCF website, and consultation with the GCF, a country has discretion to appoint one or more contact points in the NDA entity. The NDA is listed as an institution, commonly a ministry, with a primary and an optional secondary point of contact. In some cases, the primary contact is a high-level official such as a minister, with the second and/or third appointed contact at a more operational level.

12. The Governing Instrument¹⁰ of the GCF in paragraph 46 provides the key role of the NDA as follows.

⁵ Available at: <https://www.greenclimate.fund/sites/default/files/document/initial-best-practice-guidelines-selection-and-establishment-national-designated-authorities-and.pdf>

⁶ Paragraph 4 of the GCF Best Practice Guidelines

⁷ Paragraph 6 of the GCF Best Practice Guidelines

⁸ The GCF’s NDA directory is available on the GCF website: <https://www.greenclimate.fund/about/partners/nda>.

⁹ Available at: [https://www.greenclimate.fund/document/nomination-national-designated-authority-nda-or-focal-point#:~:text=National%20Designated%20Authorities%20\(NDAs\)%20are,as%20NDA%20or%20Focal%20Point.](https://www.greenclimate.fund/document/nomination-national-designated-authority-nda-or-focal-point#:~:text=National%20Designated%20Authorities%20(NDAs)%20are,as%20NDA%20or%20Focal%20Point.)

¹⁰ Available at: <https://www.greenclimate.fund/sites/default/files/document/governing-instrument.pdf>

“Recipient countries may designate a national authority. This national designated authority will recommend to the Board funding proposals in the context of national climate strategies and plans, including through consultation processes. The national designated authorities will be consulted on other funding proposals for consideration prior to submission to the Fund, to ensure consistency with national climate strategies and plans.”

13. The GCF best-practice guidelines¹¹ in paragraph 13 also prescribe the need of setting up a team, within the country, to support the NDA or focal point in its functions, which could benefit the country’s continued engagement with the GCF as follows:

“13. The NDA or focal point should aim to have a team responsible for coordinating and driving communication with the Fund and managing operational activities.”

14. Compared to the current operational policy of the Adaptation Fund where only the officer who is officially nominated as the Designated Authority of the country is listed in the Fund’s communication list, the GCF practice of nominating NDAs as institution and allowing countries to appoint more than one contact points in the NDA entity offers more discretion to the countries in coordinating the DA responsibilities. The functions of the primary and secondary contact points are not clearly spelled out by the GCF, however, the GCF best practices guidelines specify the contact points within the NDA as part of the larger country coordination mechanism.

Summary of consultations with relevant stakeholders

15. As part of this analysis and in accordance with the Board decision B.42/52 (b), the secretariat consulted with the relevant stakeholders, including the GCF, DAs, and focal points of the NIEs and RIEs accredited with the Fund to seek feedback on the possible impact of transitioning a DA of a country from an officer to an entity. The survey questions for the DAs, NIEs and RIEs are provided in Annex I.

16. Based on the consultation with the GCF, the practice of appointing a primary contact point of the NDA is mandatory while the appointment of the optional secondary contact point is encouraged as a best practice but not required in the GCF. The GCF mentioned during the consultation that the entity-based model has proven to offer stability and continuity of coordination between the GCF and NDAs. The two contact points have distinct functions, in practice: the primary contact point is authorized to sign no-objection and nomination letters, and all the formal communications are addressed to them with secondary contact point in copy. The secondary contact point is responsible for day-to-day coordination on pipeline and portfolio management with the GCF and coordinates with primary contact point on strategic advice and timely signing of relevant official letters.

¹¹ Available at: <https://www.greenclimate.fund/sites/default/files/document/initial-best-practice-guidelines-selection-and-establishment-national-designated-authorities-and.pdf>

17. The secretariat received 25 survey responses from the current DAs and 23 survey responses from the IEs (including NIEs and RIEs). About 68 percent DAs supported the proposed change of DA from “officer” to “entity” and 52 percent did not foresee any obstacles or operational challenges related to selecting an institution such as a government ministry or department to act as the DA together with the nomination of secondary contact point. Twenty percent of the DAs were unsure if it would help enhance their engagement with the Fund secretariat. About 65 percent IEs welcomed the suggested change to enhance the efficiency of the accreditation/re-accreditation application process and/or project proposal endorsement, while 22 percent did not perceive the proposed change to be effective. Seventy percent did not foresee any operational challenges for NIEs/ RIEs with this proposed DA revision, while 17 percent foresaw some operational challenges. The IEs that foresaw operational challenges also responded that the operational challenges would be manageable, and minor compared to the benefits of the proposed DA revision.

Options for amending the operational policy relating to Designated Authorities

18. The OPG (*Amended in October 2022*)¹² in paragraph 21-23 includes the provisions on the roles and responsibilities of the DA as an “officer” as follows:

“21. Each Party shall designate and communicate to the secretariat the authority that will represent the government of such Party in its relations with the Board and its secretariat. The Designated Authority shall be an officer within the Party’s government administration. The communication to the secretariat shall be made in writing and signed by either a Minister, an authority at cabinet level, or the Ambassador of the Party.

22. The main responsibility of the Designated Authority is the endorsement on behalf of the national government of a) accreditation applications as National Implementing Entities submitted by national entities; b) accreditation applications as Regional or Sub-regional Implementing Entities submitted by regional or sub-regional entities; and c) projects and programmes proposed by the implementing entities, either national, regional, subregional, or multilateral.

23. The Designated Authority shall confirm that the endorsed project/programme proposal is in accordance with the government’s national or regional priorities in implementing adaptation activities to reduce adverse impacts of, and risks posed by, climate change in the country or region.”

19. Based on the analysis of the DA-related provisions of the OPG and the practices of GCF model on DA nomination and functions, the Board may wish to consider amending the provisions related to DAs of the Adaptation Fund, to transition from “DA as an officer” to “DA as a government entity”.

20. In undertaking this change, it would be important to allow for a transition period to enable countries to nominate entities as their Designated Authorities, with a primary contact point who is

¹² Available at: https://www.adaptation-fund.org/wp-content/uploads/2017/08/Amended-OPG_Oct-2022_2.pdf.

authorized to sign official letters to the Fund, as well as up to two secondary contact points to facilitate communication and coordination with the Fund.

21. The inclusion of secondary contact points in the Fund's communication with the DAs would further expand AF's support to enhance the institutional capacity of DAs. It is recommended that only the primary contact point have the authority to sign letters for all purposes as described in the Fund's policies.

22. It would be therefore recommended that the Board adopts this change in a stepwise approach as follows:

a) Adopt an amendment to para 21 of the OPG replacing the word "officer" in the OPG with "officer or entity" as follows.

"21. Each Party shall designate and communicate to the secretariat the authority that will represent the government of such Party in its relations with the Board and its secretariat. The Designated Authority shall be either an officer within the Party's government administration, or a government entity of the Party with appointed primary and secondary contact points. The communication to the secretariat shall be made in writing and signed by either a Minister, an authority at cabinet level, or the Ambassador of the Party."

b) The Board is to specify in its decision that the Fund will no longer accept new nominations of officers as the DA, but only government entities and that countries with existing DAs with the Fund are encouraged to send nominations of government entities as DAs within a period no longer than 12 months from the date of the Board decision. Countries should provide a primary contact and up to two secondary contact points, with only the primary contact point having the authority to sign letters related to the Fund on behalf of the DA (entity), and the other secondary contact point(s) serving as technical/operational contact points for day-to-day communication and coordination.

c) The secretariat will communicate the Board decision and the approved change related to the nomination of the DA to the governments of all Non-Annex I Parties that are Parties to the Kyoto Protocol or the Paris Agreement, and invite them to nominate their government entity as the DA to represent the country in its relations with the Adaptation Fund, including specifying the primary focal point and secondary contact points, as described above.

d) The secretariat will also develop a template letter for country's nomination of its government entity as DA for the AF to guide the countries to communicate the names and other details of all contact point(s) within the institution.

e) Following the transition period of 12 months, the Board should amend the OPG to remove the reference to "officer" and fully transition the DA to "entity".

23. In addition to the change of the OPG, the Fund will develop enhanced support to be provided to the DAs as government entity through the Fund's Readiness Programme and based on the feedback received through the survey, and informed by a comprehensive review which the secretariat is currently undertaking to assess the Fund's readiness program strategy., The review aims to help design an enhanced readiness program that would, among other things, provide robust support to DAs on accreditation and strengthen NIE capacity as requested by the Parties.¹³

Recommendation

24. Having considered the information contained in document AFB/B.43/7 and taking into account the discussion on option 2 of document AFB/B.42/6, the Adaptation Fund Board (the Board) may want to consider and decide:

- (a) To adopt and initiate the change of the definition of Designated Authority from an officer to an entity;
- (b) To revise, for the purpose of a transitional period of no longer than one year, the definition of Designated Authority in the Fund's Operational Policies and Guidelines (OPG) from "an officer within the Party's government administration" to "either an officer within the Party's government administration or a government entity of the Party with appointed primary and secondary contact points";
- (c) To phase out the current system of nominated government officer as Designated Authority at the end of the twelve-month period, and effective immediately, no longer accept new nominations of officers as Designated Authorities;
- (d) To invite eligible Parties to nominate, as soon as possible and within 12 months from the date of this decision, a government entity as the Designated Authority for the Adaptation Fund and appoint a primary contact point who shall have the authority to sign on behalf of the Designated Authority and up to two secondary contact points who will not have a signatory authority, and who will facilitate communication and coordination with the Fund. The nomination of a government entity as the Designated Authority will replace any previously nominated officer as Designated Authority for that Party;
- (e) To request the secretariat to communicate this decision to all Parties through their current Designated Authority and the UNFCCC focal points, and to support Parties through provision of relevant nomination letter template(s) and guidance to facilitate a smooth transition.

¹³ Decision 3/CMP.18/paragraph 10

- (f) To request the secretariat to present an amendment to the OPG for the Board consideration at its forty-fifth meeting with the view of finalizing the transition of Designated Authority from an officer to an entity.

Annexes

Annex I- Survey Questions

Annex I- Survey Questions

Survey Questionnaire for Designated Authorities

We kindly request all **Designated Authorities** to respond to the following survey questions. It would be great if you can submit your response by Thursday, **20 August 2024**. Many thanks for your time and responses. In case you would like to share further insights or views, please feel free to reach out to Naysa Alhaja, Program Officer (Accreditation) via nalhaja@adaptation-fund.org copying afbsac@adaptation-fund.org.

*** Required**

Section 1 of 2

1. Please enter the name of your country. *

2. Are you currently the Adaptation Fund Designated Authority (DA) for your country? *

Yes

No

3. What are the current challenges related to institutional capacity that you experience as Designated Authority with regard to coordinating your countries' engagement with the Adaptation Fund in order to access AF resources? *

4. Based on your experience, would nominating an institution, such as a government ministry or department with several contact points, as the Designated Authority similar to the approach taken by the Green Climate Fund, enhance your countries' institutional capacity and continuity for engaging with the Adaptation Fund? *

Yes

No

Not sure

5. Based on your response to question 3 above, please elaborate on how and to what extent this change would or would not support your countries' engagement with the AF:

*** Required**

Section 2 of 2

6. From the perspective of your country, do you foresee any obstacles or operational challenges related to selecting an institution such as a government ministry or department to act as the DA together with the nomination of one or several contact points (such as primary and optional secondary or operational contact point)? *

Yes

No

Not sure

7. If you responded yes to question 5 above, kindly explain what is the nature of the obstacles or concerns your country could encounter in transitioning from nominating one officer in your government to an institution with?

8. Which of the following support options below would you suggest the AF provides in order to minimize and address issues during the transition, including foreseeable barriers? (Select all that apply) *

Relevant template and guidance for nominating an entity to pursue accreditation and project proposals or concept note endorsement

Webinars to share guidance and information on the new DA model, roles of primary and secondary contact points, and related operational processes

Transition period of six months would be sufficient for countries to implement the proposed DA arrangement

Longer transition period of 8 to 10 months would be needed for countries to implement the proposed DA arrangement

Other

9. Kindly share any additional suggestions or comments you may have on this matter?

You can print a copy of your answer after you submit

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Survey Questionnaire for Implementing Entities

We kindly request all **Implementing Entities** to respond to the following survey questions. It would be great if you can submit your response by **Thursday, 20 August 2024**. Many thanks for your time and responses. In case you would like to share further insights or views, please feel free to reach out to Naysa Ahuja, Program Officer (Accreditation) via nahuja@adaptation-fund.org copying afbsec@adaptation-fund.org.

* Required

Section 1 of 2

1. Please enter the name of the Implementing Entity completing this form. *

2. In what capacity is the person completing this form? *

3. From your experience as a national or regional implementing entity with the AF and/or other climate funds, would nominating an institution such as a government ministry or department as the Designated Authority with one or several contact points (such primary and optional secondary) similar to the approach taken by the Green Climate Fund, enhance the efficiency of the accreditation/re-accreditation application process and/or project proposal endorsement? *

Yes
 No
 Not sure

4. If you responded "yes" to question 2 above, kindly elaborate on your answer

Adaptation Fund (AF) Designated Authority Transition Strategy and Operational Implications

* Required

Section 2 of 2

5. Do you foresee any operational challenges for NIEs/ RIEs with this proposed DA revision, or any obstacles in the transition of DA from one officer to an institution with one or several contact points? *

Yes
 No
 Not sure

6. If you responded yes to question 4 above, kindly elaborate on your answer

7. How could the AF secretariat support NIEs and RIEs during the potential transition, including to address expected challenges? *

8. If your organization is also accredited with other climate funds, you may share any insights from this experience related to operational and practical implications that could inform how the Adaptation Fund may revise its DA provisions and how it may manage the transition to enhance DA institutional capacity and continuity for the benefit of accredited and applicant NIEs/RIEs

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