

BRIEFING PAPER

# Streamlined Accreditation for Small National Implementing Entities

Report on the 25<sup>th</sup> meeting of the Adaption Fund Board

By Alpha Oumar Kaloga

## Brief Summary

From April 9–10 2014, the 25<sup>th</sup> meeting of the Adaptation Fund Board (AFB), the operating body of the Adaptation Fund established under the Kyoto Protocol, was held in Bonn, Germany. Two days prior to the meeting, the members of the two committees of the board, the Ethics and Finance Committee (EFC) and the Project and Programme Review Committee (PPRC) met for their 16th meeting respectively, to prepare specific recommendations for the AFB, along the mandate that has been assigned to them.

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# **1 Report of the 18<sup>th</sup> meeting of the Accreditation Panel (AP)**

The Adaptation Fund (AF) provides two ways of access to its resources: developing countries can either pursue the conventional path of relying on the service of a Multilateral Implementing Entity (MIE) or utilize their own national institutions to access the fund's resources. Prior to receiving funds from the AF, implementing entities (multilateral, regional or national) must conclude a systematic accreditation process to verify that they meet the principles of the AF such as “the use of international fiduciary standards as well as the new adopted AF’s environmental and social policy”.

The Panel undertakes a desk-review of the application and forwards its recommendation to the board. Should the Panel require additional information prior to making its recommendation, a mission and/or a teleconference may be undertaken with regard to the country concerned. Below are the AFB decisions on accreditation of implementing entities based on the recommendation of the Panel.

## **1.1 Accreditation of Implementing Entities**

After due appraisal of the accreditation applications received, the AP recommended to the Board to accredit the NGO Fundación NATURA as a National Implementing Entity. The NGO from Panama works on environmental and social issues, such as the conservation of vulnerable ecosystems. Furthermore, the AFB decided to accredit the Micronesia Conservation Trust (MCT) as a National Implementing Entity. The trust supports biodiversity conservation and sustainable development projects in Micronesia. It was admitted as an accreditation entity under two conditions. First, the MCT is eligible to submit project proposals for up to \$1 million and, second, the MCT should include on its project proposals a description of the expertise and ability of the resources that it will use. These two additions raise the number of accredited NIEs to 19.

# **2 Report of the 16<sup>th</sup> meeting of the Project and Programme Review Committee (PPRC)**

The Project and Programme Review Committee (PPRC) is responsible for assisting the board in tasks related to project and programme review and implementation in accordance with the Operational Policies and Guidelines and for providing recommendations and advice to the board thereon.

Accordingly, at its 25<sup>th</sup> meeting, the AFB debated on the recommendations suggested by the PPRC on approval of the submitted project proposals, which are based on the technical review made by the secretariat.

## **2.1 Review of project proposals**

Before the AFB engaged in discussions on the approval of submitted project and programme proposals, the secretariat presented its report on the initial screening and technical review of the respective submissions.

For the 25<sup>th</sup> meeting, nine proposals have been submitted to the secretariat by accredited implementing entities, with the total requested funding amounting to US\$ 48,097,199: three project concepts (US\$ 17,812,880) and six fully-developed project proposals (US\$ 30,284,319).

A project concept by the Regional Implementing Entity (RIE) Sahara and Sahel Observatory (OSS) for a project in Uganda was endorsed. Consequently, the AFB requested the OSS to submit its observations to the Government of Uganda and encouraged the Government of Uganda to submit through OSS a fully-developed project proposal.

As for fully-developed project proposals, the Board approved three proposals, all submitted by NIEs. The first was approved for the National Bank for Agriculture and Rural Development (NABARD) in India, the second for the Ministry of Planning and International Cooperation (MOPIC) in Jordan, and the third for the Agence pour le Développement Agricole (ADA) from Morocco.

## **2.2 Intersessional Project and Programme Review Cycle**

Following the report by the PPRC, the board considered the options for intersessional review and approval of projects submitted to the AF secretariat. Due to the decision at AFB22 to reduce the number of its annual meetings from three to two, it has become critical for the AFB to explore modalities for the intersessional review of projects. Currently, the policy foresees that all first submissions of projects, regardless whether concept or fully-developed proposals, need to be considered by the Project and Programme Review Committee (PPRC) during a regular meeting, and subsequently by the AF Board. The amendment now allows the PPRC to consider intersessionally the technical review by the Secretariat of re-submitted proposals - which have been considered at least once at regular meetings - and make recommendation to the Board for intersessional decisions. The Secretariat was requested to inform stakeholders and entities about the updated arrangement.

## **2.3 Options for improving the tracking of changes made between different proposal versions**

As a reaction to the report and recommendations of the PPRC, the Board decided to change the process of changes to project and programme proposals. Proponents now need to submit to the secretariat a clean version of their proposal and a version with highlighted text reflecting the changes made to the previously submitted document. Furthermore, proponents have to submit to the secretariat a response table explaining where and how the Board's observations have been addressed.

## **2.4 Capitalization of the AF's climate change reasoning**

Finally, the AFB decided to respond to the PPRC's recommendations by requesting the secretariat to present at the PPRC's 17th meeting an analysis of how project and programme proposals that have been approved by the AFB have addressed climate change adaptation reasoning, with a specific focus on the local level.

## **3 Report from the 16<sup>th</sup> meeting of the Ethics and Finance Committee**

According to its terms of reference, the Ethics and Finance Committee (EFC) is responsible for providing advice to the board on issues of conflict of interest, ethics, finance and audit.

The EFC met for the 16<sup>th</sup> time on the two days prior to the 25th meeting of the AFB to discuss several topics as follows.

### **3.1 Modified accreditation process for small entities**

The EFC discussed the streamlined accreditation process for small implementing agencies. Its recommendations included characterising small NIEs as executing or implementing projects up to US\$ 1 million per project, employing up to 25 professional staff and having annual expenses up to US\$ 1 million. These recommendations for the streamlined process were approved by the AFB. Furthermore, it was decided to request the Accreditation Panel to recommend an appropriate monetary limit and compensatory measures for the small NIE for any proposed streamlined accreditation.

### **3.2 Financial issues**

#### **3.2.1 Guidelines for the monetization of carbon assets**

As usual, the representative of the trustee gave a presentation on the topic. The representative of the trustee presented a revised set of Carbon Assets Monetization Program Guidelines which were consequently approved by the AFB.

#### **3.2.2 Work plan for the fiscal year 2016**

Following a report by the secretariat's Manager, the EFC recommended to approve the work programme and tentative work schedule for the fiscal year 2016 contained in document AFB/EFC.16/5. The AFB approved both.

#### **3.2.3 Board and secretariat, and trustee budgets for the fiscal year 2016**

A representative by the Secretariat presented to the EFC the planned budgets for the following fiscal year, including plans to hire additional Secretariat staff. These budgets, US\$ 4,049,165 to cover the costs of operations of the secretariat and the Board, and US\$ 669,000 for trustee services, were approved by the AFB.

### **3.3 Potential linkages between the Adaptation Fund and the Green Climate Fund (GCF)**

The secretariat made a presentation on potential linkages between the Fund and the GCF which was followed by a Board discussion. Two possible scenarios were considered: on the one hand, the AF and the GCF could conclude agreements on certain operations in order to draw from the GCF funds and the AF's experience in adaptation funding. On the other hand, an institutional inte-

gration was considered which might include the AF working as an operational mechanism to the GCF. Since the AF is challenged by a lack of funding due to the low revenue from carbon emission certificates, cooperation with the GCF could balance the missing funding while drawing on the AF's vast experience on adaptation funding and already existing resources and capacities. It was mentioned that competition between the GCF and the AF would not improve the adaptation funding, rather working together is necessary. The Board concluded the discussion with a draft decision text, which asks to initiate a dialogue towards the Standing Committee on Finance and the GCF on potential linkages, to mandate a document reviewing legal and technical implications of various linkages between the AF and the GCF and to request the AF secretariat to liaise with the GCF secretariat in areas of readiness support, result based frameworks, accreditation, project identification and other areas. The Chairs and the secretariat are expected to report back on this matter at the next meeting.

### **3.4 Implementation of the readiness programme**

The Secretariat presented a report on the Readiness Programme for Climate Finance. In partnership with the Climate Development Knowledge Network (CDKN), the Climate Finance Ready website ([climatefinanceready.org](http://climatefinanceready.org)) was launched by the Secretariat in order to provide information around readiness activities. The Board decides to approve the use of USD 965,000 for the Readiness programme, of which USD 565,000 should be transferred to the Secretariat and USD 400,000 to be set aside.

### **3.5 Regional projects/programmes**

The issues related to regional projects and programmes were reconsidered. The Board decided to approve a proposal for a pilot programme on regional projects and programmes and thereby set a cap of USD 30 million for RIE programming. Furthermore, the Secretariat is requested to issue a call for proposals for regional projects that can be considered by the Board at its 26<sup>th</sup> meeting. The Board also decided to request the Secretariat to continue discussions with the Climate Technology Centre and Network.

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