

Adaptation Fund



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Session: AF accreditation studies – lessons
from accreditation

April 29, 2024

Adaptation Fund Secretariat



3 Studies Lessons Learned Accreditation

1

March 2022: Continuous process of **capacity strengthening** of IEs through **re-accreditation** to the AF

2

August 2022: AF's **streamlined accreditation** process

3

July 2023: The role of **national financial institutions and trust funds** in providing climate adaptation



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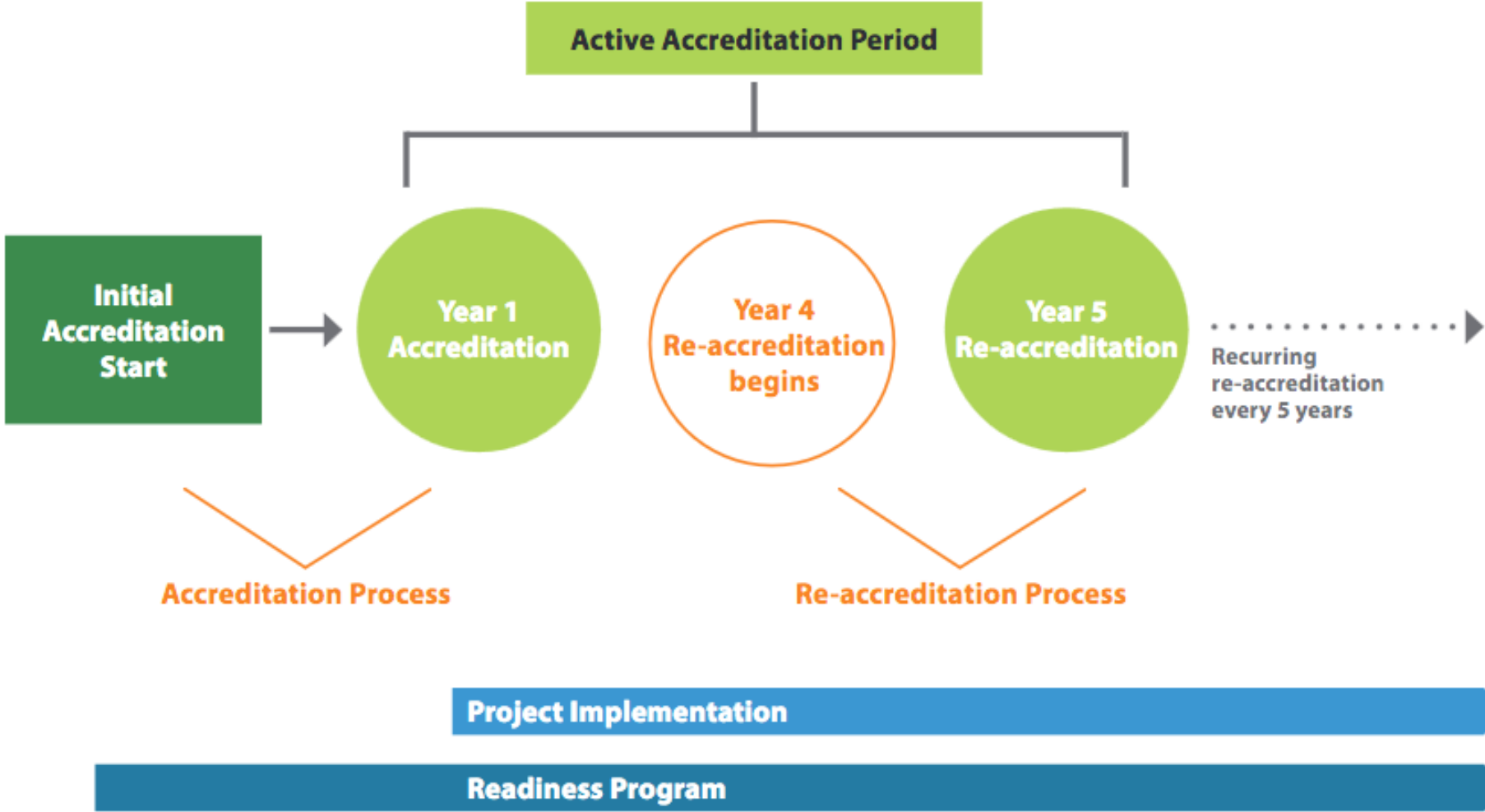


AF Study 1: Re- Accreditation

Continuous process of capacity strengthening of IEs
through re-accreditation to the AF

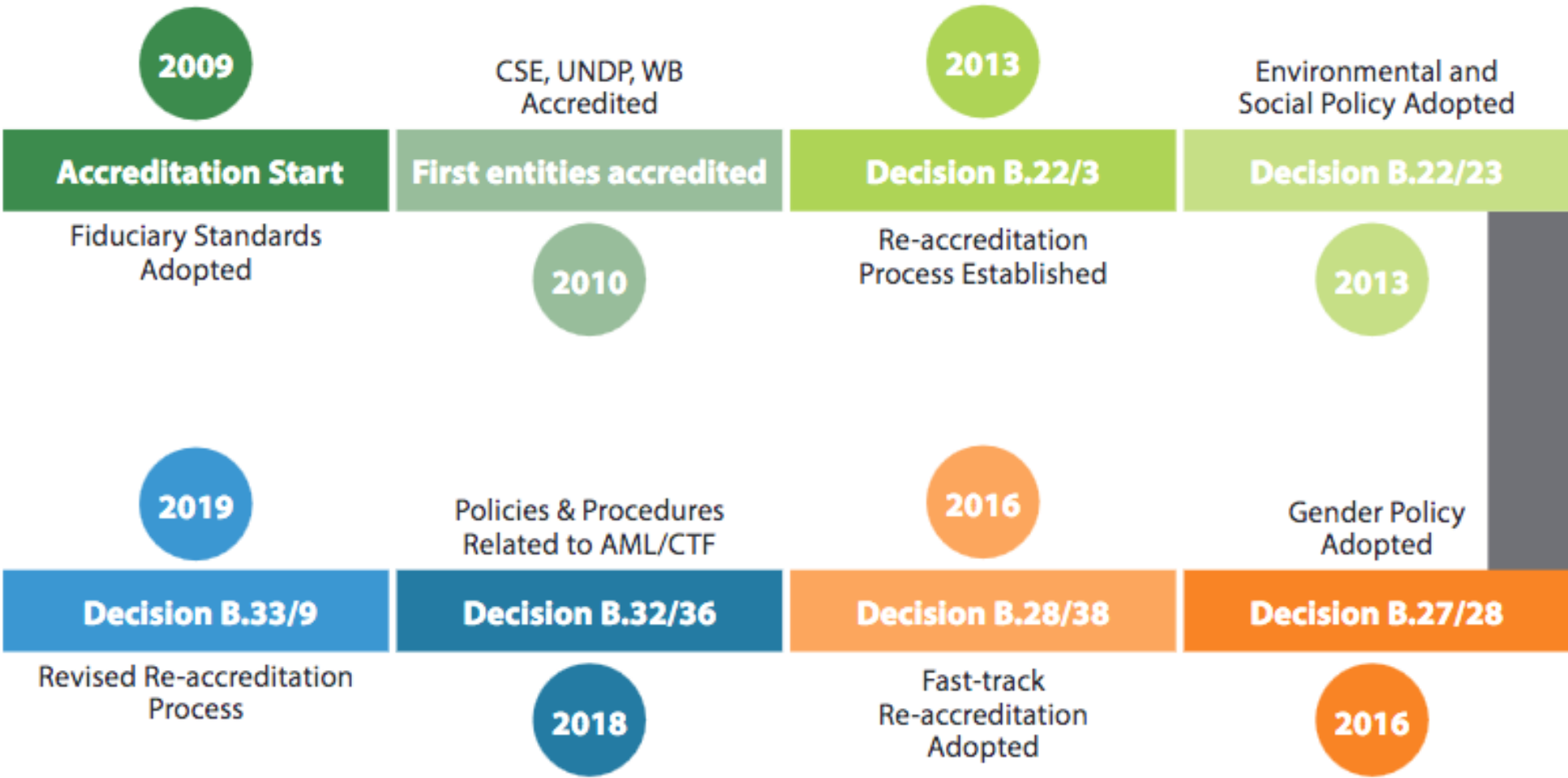
AF Study 1 – Re-Accreditation Process Overview

Continual Capacity Improvement from Accreditation to Re-Accreditation



AF Study 1 – Re-Accreditation Process Timeline Policy Decisions

Timeline of Policies and Decisions Related to Re-Accreditation Process



AF Study 1: Re-accreditation Survey

Survey questions included themes related to:

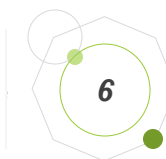
- (i) clarity of re-accreditation processes and procedures;
 - level of effort and difficulty required for completing the re-accreditation process;
 - (iii) improvement or acquirement of new organizational competencies;
 - Extent of the benefit of going through the re-accreditation process; and
 - extent to which the re-accreditation process contributed to an increase in institutional capacity.
- 22 out of 28 re-accredited entities responded to survey

Summary of re-accredited IE Responses

Type of IE	Re-Accreditation Type	Length of time for re-accreditation
9 NIEs <i>out of 13 re-accredited</i>	4 fast-track	2 under 9 months 1 between 9-18 months 1 over 18 months
	5 regular	3 under 9 months 1 between 9-18 months 1 over 18 months
3 RIEs <i>out of 4 re-accredited</i>	3 fast-track	2 under 9 months 1 between 9-18 months
	7 fast-track	6 under 9 months 1 between 9-18 months
10 MIEs <i>out of 11 re-accredited</i>	3 regular	2 between 9-18 months 1 over 18 months

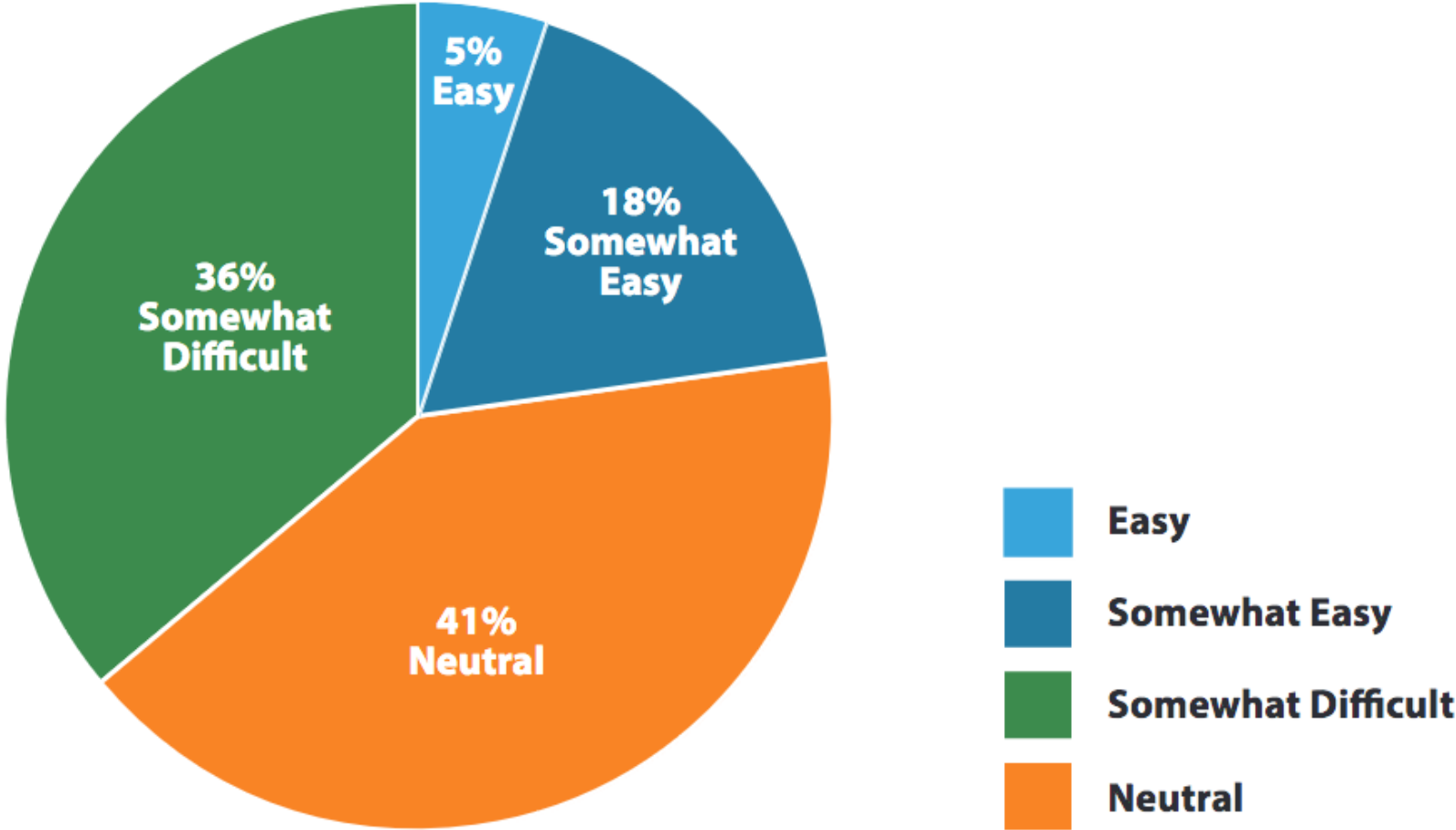


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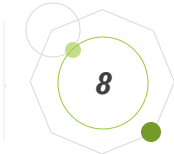
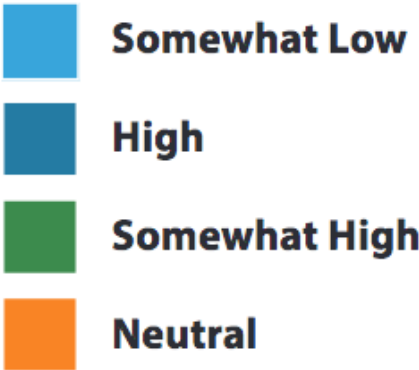
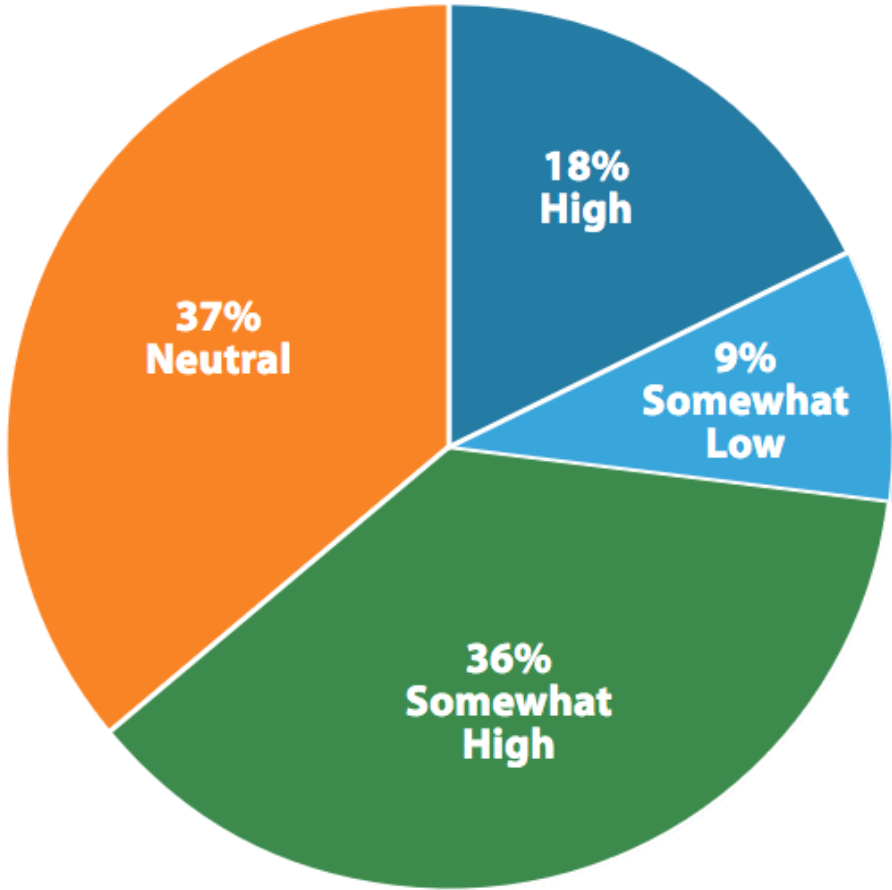
AF Study 1: Re-Accreditation Survey Results (1)

Re-accreditation process level of difficulty



AF Study 1: Re-Accreditation Survey Results (2)

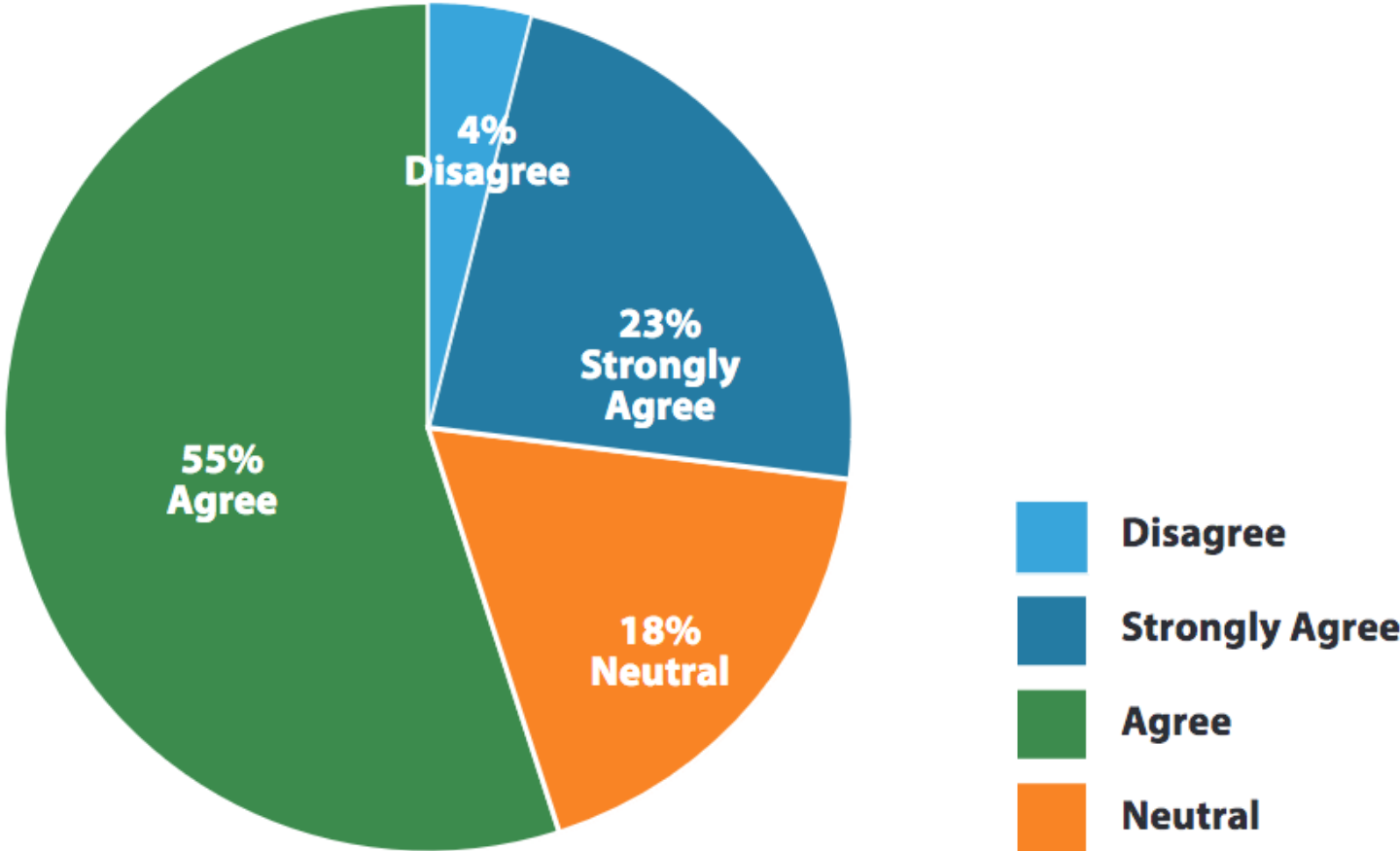
Re-accreditation process level of effort



AF Study 1: Re-Accreditation Survey Results (3)

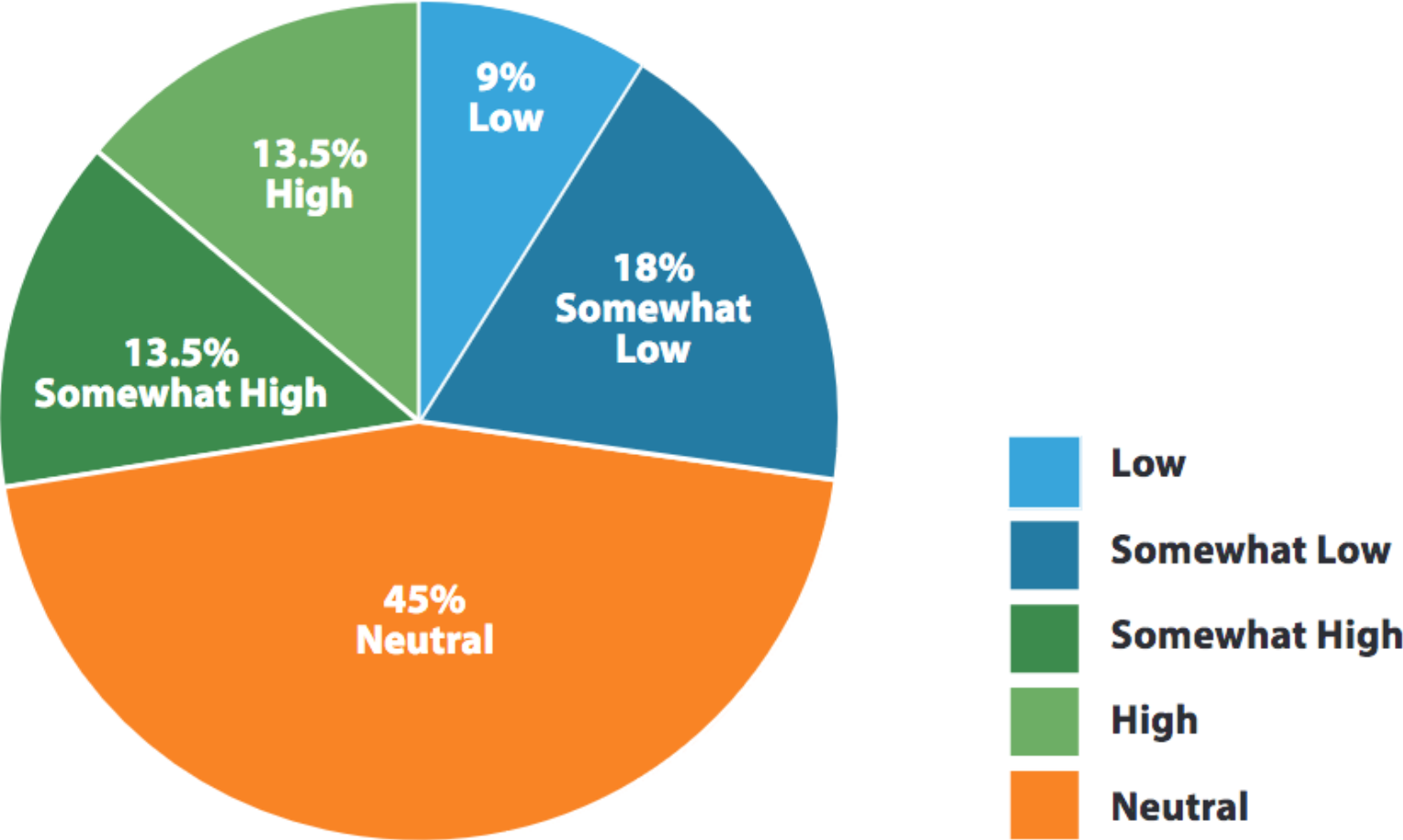


Re-accreditation process level of effort



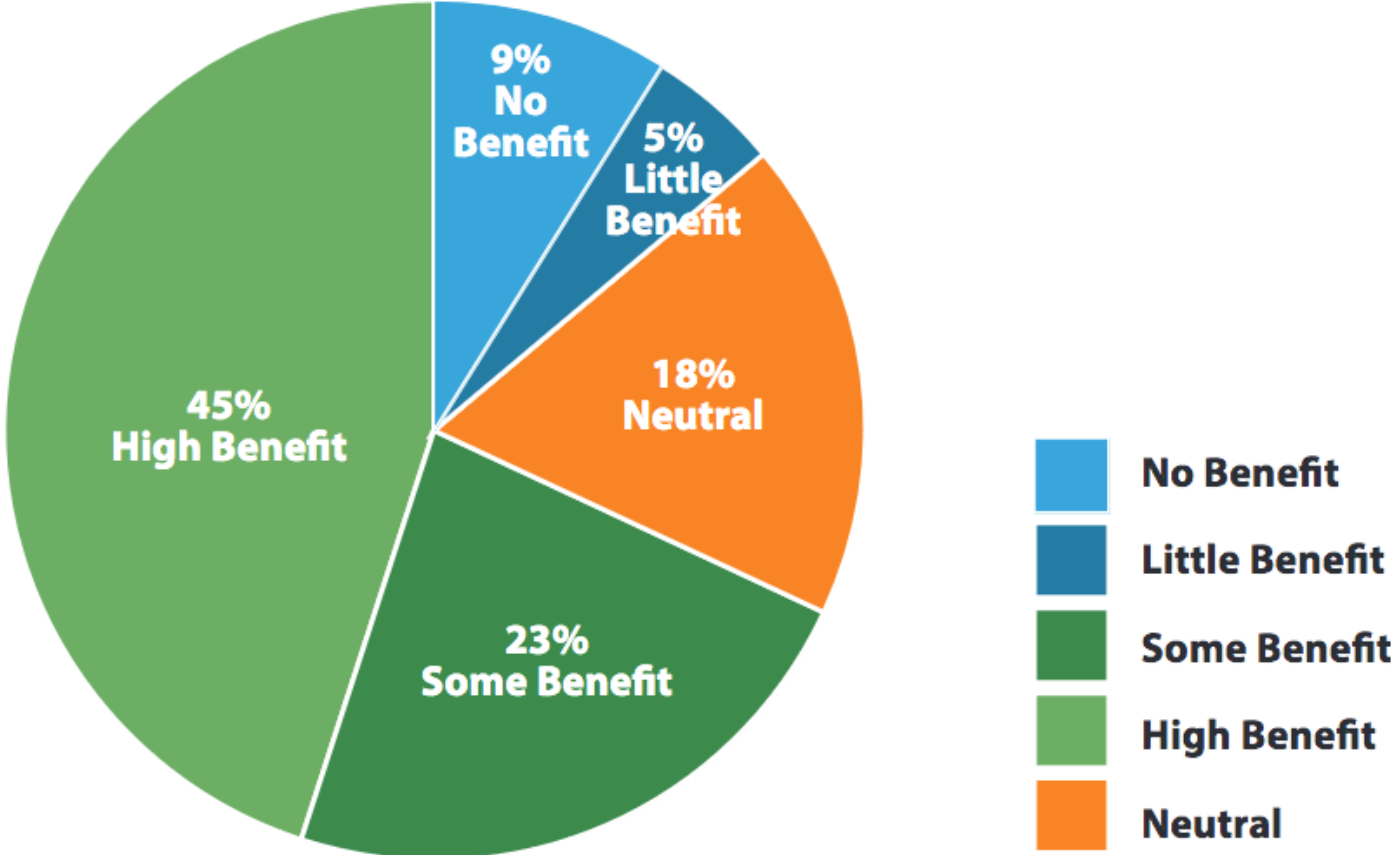
AF Study 1: Re-Accreditation Survey Results (4)

Extent to which re-accreditation process contributed to an increase in institutional capacity



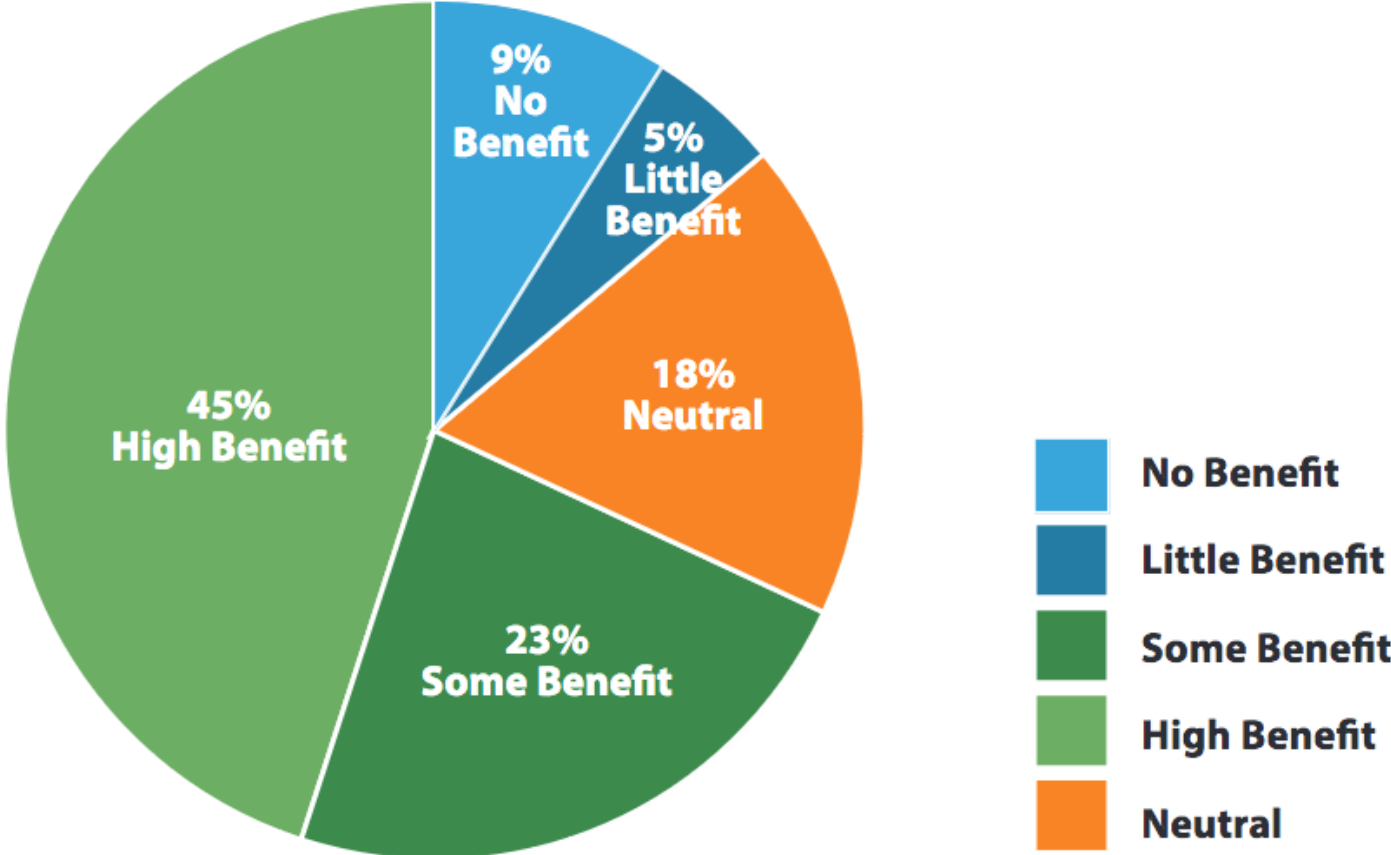
AF Study 1: Re-Accreditation Survey Results (5)

Extent to which IE benefited from re-accreditation process



AF Study 1: Re-Accreditation Survey Results (6)

Extent to which IE benefited from re-accreditation process



AF Study 1: Re-accreditation – Case Study 1 NIE



Process time: Over 18-months



Type: Fast-Track

➤ Insight:

- i. Having an AF project under implementation helpful in demonstrating compliance with; and
- ii. Going through the GCF accreditation process in-between the NIE's original AF accreditation and the re-accreditation, made the process easier as new required elements had been put in place for the GCF (such as the AML-CFT)

➤ **Challenges:** The NIE did not anticipate the level of effort and documentation required for re-accreditation, as initially, it was thought of more as a pro-forma process.

➤ Advice:

- i. Prior to entering the re-accreditation process, it is critical to **document compliance with policies, strategies, and guidance** that have been put in place.
- ii. Putting in place procedures for documenting processes will go a long way toward facilitating the overall re-accreditation process.

AF Study 1: Re-accreditation – Case Study 2 MIE



Process time: Between 9-18 months



Type: Regular

➤ **Insight:**

- i. Utilizing the MIE's AF project portfolio to provide specific examples of compliance with the re-accreditation standards was quite helpful
- ii. To the extent possible, it is important to provide clear examples for the AP and to present the information in an organized, easy to follow format.
- iii. Be prepared for follow-up questions and discussions with the AP about specific requirements

➤ **Challenges:**

- i. MIE had not anticipated the workload early on, which would have sped up the overall process;
- ii. Interpreting some of the re-accreditation questions; and
- iii. MIE not only deals with multiple donors but is also bound to the UN's own rules (such as the UN's single audit rules), this created some challenges in clearing certain requirements.

- **Advice:** Engaging early on with the AF secretariat and the AP to clarify any questions will mitigate any confusion and speed up the overall process

AF Study 1: Re-accreditation – Case Study 3 RIE



Process time: less than 9 months



Type: Fast-Track

- **Insight:** The process does not stop once you are accredited; there is a need for **continued investment** in developing and improving internal processes
- **Challenges:** One of the biggest challenges for the organization was not the re-accreditation process itself but was making sure new policies and procedures that had been approved by the organization were actually being implemented properly. .
- **Advice:**
 - i. The creation of a project coordination unit, helped the organization have a central focal point to raise the awareness of internal units about the re-accreditation requirements.
 - ii. The re-accreditation process forces the IE to demonstrate a track record for effective and efficient implementation. The AF's re-accreditation process enabled the organization to update and target policies to be implemented not merely having a policy on paper.
 - iii. If you have a **proper, functioning policy**, it doesn't matter who the donor is, **the organization can demonstrate the capacity to effectively implement** the policy.



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AF Study 1: Re-accreditation – Key Lessons

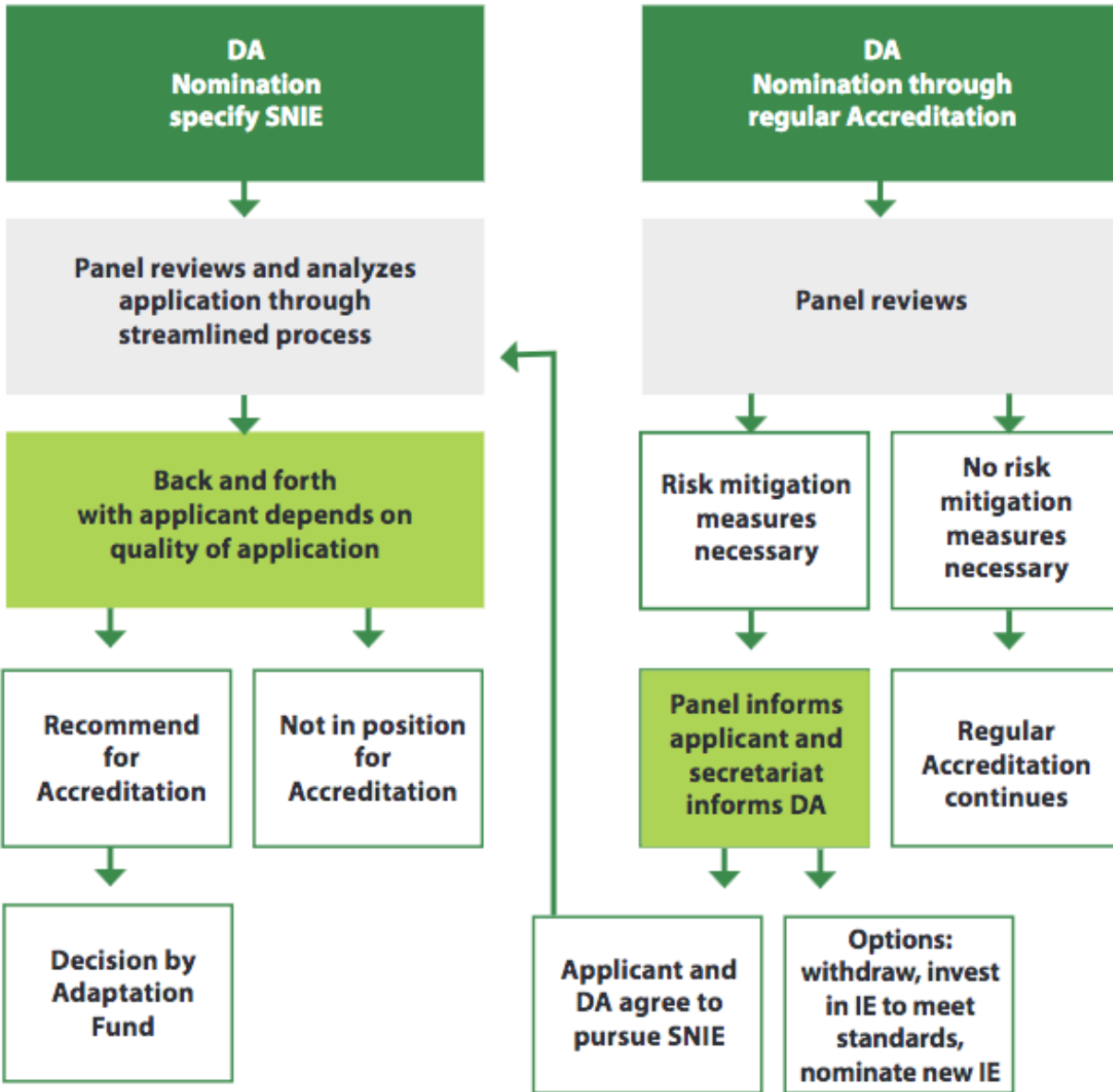
- 1. Continuous improvement model:** the process enables IEs, particularly national and regional entities, to ensure their organization is:
 - i. documenting all of its management and operating procedures;
 - ii. conforming to internationally recognized standards;
 - iii. operating effectively; and
 - iv. establishing permanent capacity building of national staff.
- 2. Implementation of AF projects:** organizations are able to strengthen internal capacities, including for project management, due diligence approaches, reporting templates and methods, field control and audit procedures. Implementing an AF project, in particular for NIEs and RIEs, provides an opportunity **to test new policies and procedures** and **to ensure systems are functioning properly**.
- 3. Document policies & procedures:** putting in place procedures for documenting processes and demonstrating that internal processes not only exist but also function properly goes a long way toward facilitating the overall re-accreditation process.
- 4. Meet international standards:** Both the accreditation and re-accreditation process allowed several NIEs and RIEs to not only comply with the AF's standards but to meet international good practice standards.
- 5. Direct communication with AF:** Direct communication with the AF and AP was highlighted several times as contributing to the straightforward overall re-accreditation process.

AF Study 1: Re-accreditation – Key Areas of Advice

1. **Ensure enough time:** start at least one year in advance of the IE's accreditation expiration to ensure no lapse in accreditation status. Interactions with the AF can be undertaken prior to re-accreditation, for example for NIEs through accessing Readiness Programme small grants.
2. **Communicate** with the AF team is highly responsive and helpful. IEs should therefore not spend too much time debating internally instead, bring up any issues or confusion to the AF to avoid delays in the process.
3. **Designate a focal point** to lead the process and follow-up with other units/divisions to collect required documentation. The focal point should have the backing of senior management to ensure responsiveness from other members.
4. **Organize internal systems** to readily access needed documentation and update the status of different policies, strategies, and guidance on a periodic basis (i.e. quarterly, semi-annually, annually). This should be done well before the re-accreditation process starts and will allow for institutional memory to be codified and will avoid a situation where every five years an IE is starting from scratch.

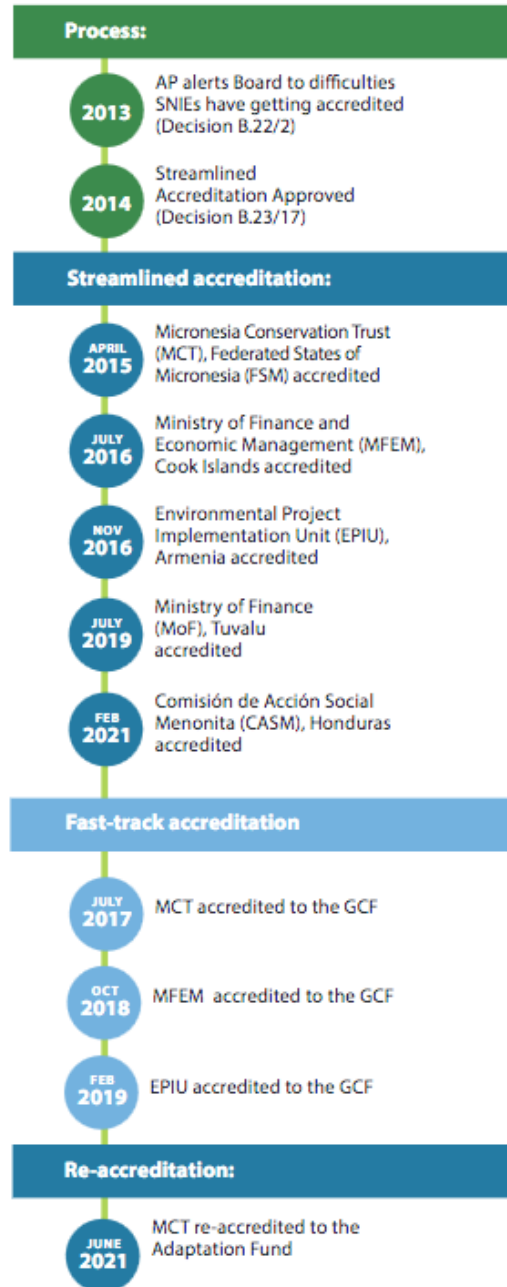
AF Study 2: Streamlined Accreditation

Lessons learned from the Adaptation Fund's Streamlined
Accreditation Process



AF Study 2 – Streamlined Accreditation Overview

AF Study 2 – Streamlined Accreditation Timeline



SNIEs Accredited through the Streamline Process

Micronesia Conservation Trust (MCT) -- FSM	Ministry of Finance and Economic Management (MFEM) -- Cook Islands	Environmental Project Implementation Unit (EPIU) - Armenia	Ministry of Finance (MoF) -- Tuvalu	Comisión de Acción Social Menonita (CASM) - Honduras
Date 1st Accredited: 10 April 2015	Date 1st Accredited: 14 July 2016	Date 1st Accredited: 04 November 2016	Date 1st Accredited: 15 July 2019	Date 1st Accredited: 24 February 2021
Project Limit: up to USD 1 M	Project Limit: up to USD 3 M	Project Limit: up to USD 4 M	Project Limit: up to USD 2 M	Project Limit: up to USD 4 M
Readiness Grant(s): (1) Feb 2016: E&S TA: 10,000 USD (2) December 2016: TA Gender Policy 10,000 USD	Project: Pa Enua Action for Resilient Livelihoods (PEARL) Approved: 3/22/2018 Amount: USD 2,999,125	Project 1: Artik city closed stonepit wastes and flood management Approved: 10/12/2018 Amount: USD 1,435,100 Project 2: Strengthen land based adaptation capacity Approved: 3/15/2019 Amount: USD 2,506,000	Accreditation Expiration Date: 14 July 2024	Accreditation Expiration Date: 23 February 2026
Project: Practical Solutions for Reducing Community Vulnerability to CC Approved: 3/22/2018 Amount: USD 970,000	Readiness Grant: 12/16/2018 - E&S and Gender Policy TA USD 19,500	As of May 2022 no readiness grant accessed	As of May 2022 no readiness grant accessed	As of May 2022 no readiness grant accessed
Re-Accreditation: 21 June 2021 Cap raised to 5 M USD	Accreditation status: In Re-accreditation Process Accreditation Expiration Date: 13 July 2021	Accreditation status: In re-accreditation process Expiration: 12/26/2018	As of May 2022 no projects approved	As of May 2022 no projects approved

AF Study 2: Streamlined NIEs (SNIEs)

-As of March 2022: 3 of 5 SNIEs accredited to date have accessed funding from the AF for a total of **USD 7.9 M** in project funds and a total of **USD 39,500 in TA Grants**.

-MCT was the first entity accredited and is now the first to be re-accredited (June 2021) through the fast-track re-accreditation process, due to their accreditation to the GCF. As part of the re-accreditation MCT's monetary **cap has been raised from USD 1 M to USD 5 M**

-3 of the 5 have also been accredited to the GCF through the GCF's fast-track accreditation process.

SNIEs Case Study 1: Micronesia Conservation Trust (MCT)

Competencies Acquired:

- developed an internal audit system based on outsourcing of internal audit and took steps for putting in elements of an internal control framework;
- upgraded its operations manual to formalize internal controls, integrate anti-fraud and corruption measures, and introduce third party complaints;
- through two AF technical assistance grants received after being accredited, MCT developed an environmental and social safeguard management framework (ESMF) as well as a gender mainstreaming policy; and
- approved and instituted an anti-money laundering and counter-financing of terrorism policy (AML-CFT)

Success and Benefits

- Approval of a technical assistance grant to develop a framework for the assessment and management of E&S risks within projects and programmes in FSM; grant approved in February 2016 for a grant amount of USD 10,000;
- Approval of a technical assistance grant for the Gender Policy (TA-GP) to enhance the capacity of the MCT to assess and manage gender related issues and its compliance with the Adaptation Fund's Gender Policy; grant approved in December 2016 for a grant amount of USD 10,000;
- Approval of an AF project Practical Solutions for Reducing Community Vulnerability to Climate Change in the FSM: approved in March 2018 for a grant amount of USD 970,000. The project is one within the AF portfolio of projects that pioneered local Enhanced Direct Access (EDA) on the ground and the project has fostered local and national partnerships in the process.
- Accredited to the Green Climate Fund (GCF) in July 2017 for low-risk projects and programmes 3 up- to USD 10 M.
- Approval of a GCF project Climate resilient food security for farming households across the FSM; approved in March 2021 for a grant amount of USD 9.4 M.
- Re-accredited to the AF in June 2021 with an increased monetary limit from USD 1 M to USD 5 M

SNIEs Case Study 2: Armenia Environmental Project Implementation Unit (EPIU)

Competencies Acquired:

- In 2016, the EPIU finalized its own procedures and operational manual, which according to the Panel were “comprehensive in regard of project planning, accounting management, and evaluation and cover internal controls, ethics and Environmental and Social Policy Standards.”
- A comprehensive PM methodology developed
- Post-accreditation, staff of increased by
- 44% (26 employees) paid from the state budget
- Several members of the EPIU staff have undergone special trainings and have been involved in the two AF funded projects as monitoring, gender, social and environmental risk management specialists.
- 4 specialists are involved in various climate/environment projects as coordinators or experts.

Success and Benefits

- Approval of an AF project, Artik city closed stonepit wastes and flood management pilot project, approved October 2018 for a grant amount of USD 1,435,100;
- Approval of an AF TA grant for ESP and Gender Policy approved December 2018 for a grant amount of USD 19,500;
- Accredited to the GCF in February 2019 for medium-risk projects and programmes up to USD 10 M;
- Approval of second AF project, Strengthening land based adaptation capacity in communities adjacent to protected areas in Armenia; approved March 2019 for grant amount of USD 2,506,000.
- Approval of a AF Small Innovation Grant, Engaging Future Leaders: Digital Education Module on Adaptation Challenges and Best Practices for Youth, approved October 2019 for a grant amount of USD 231,250.

AF Study 2: Streamlined Accreditation – Key Lessons Learned

1. The streamlined option adds flexibility for smaller entities in the accreditation process
2. Alternate ways to meet accreditation requirements are based on **size** and **structure** of entities
3. Timeframe and effort needed for accreditation through the streamlined process is **not shorter or less rigorous** than the regular accreditation process
4. Accreditation through the streamlined process has opened the door to accessing other sources of climate finance
5. SNIEs have **built institutional capacities** through the accreditation process and beyond
6. Smaller entities hesitate to pursue the streamlined accreditation process at the outset
7. Difficulty in demonstrating track record as an executing entity
8. Panel and SNIEs view the regular accreditation modality differently
9. SNIEs are not aware they **can request an increase in funding limits**

AF Study 3 - Role of national financial institutions and trust funds in providing climate adaptation (Overview)

1. Review consisted of an examination of documents related to accreditation and/or the re-accreditation of the 2 national development banks and 5 trust funds and a review of project documents for those entities that have had project approvals.
2. Interviews were conducted with all of the trust funds in the sample. Development banks Banque Agricole du Niger (BAGRI) and the National Bank for Agriculture and Rural Development (NABARD) of India could not be reached for a consultation.
3. Intended to inform potential applicant financial entities of any **unique challenges** these type of institutions may face in the accreditation process as well as provide a snapshot of the **opportunities** offered at the national and institutional level in terms of channeling funding for adaptation action.

AF Study 3: Financial Institutions and Trust Funds Accredited

The role of national financial institutions and trust funds in providing climate adaptation

AF Study 3 – Financial Institutions & Trust Funds Accredited

AF's Development Bank and Trust Fund/Foundation NIEs

NIE	Accreditation Status (date accredited)	
	AF	GCF
Banque Agricole du Niger (BAGRI)	November 2017	Not Accredited
National Bank for Agriculture and Rural Development (NABARD)	<ul style="list-style-type: none"> • 1st time: June 2012 • 1st Re-Accreditation: December 2017 • 2nd Re-Accreditation In Progress 	July 2015
Bhutan Trust Fund for Environmental Conservation (BT FEC)	<ul style="list-style-type: none"> • 1st time: January 2018 • Re-Accreditation In Progress 	April 2020
Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)	<ul style="list-style-type: none"> • 1st time March 2014 • Re-Accredited: June 2021 	March 2015
Palli Karma-Sahayak Foundation (PKSF)	August 2021	Accredited October 2017
Micronesia Conservation Trust (MCT)	<ul style="list-style-type: none"> • 1st time: April 2015 • Re-Accredited: June 2021 	Accredited June 2017
Protected Areas Conservation Trust (PACT)	<ul style="list-style-type: none"> • 1st time: September 2011 • Re-Accredited: Jan 2019 	Accredited October 2018



AF Study 3 – Climate Finance Accessed

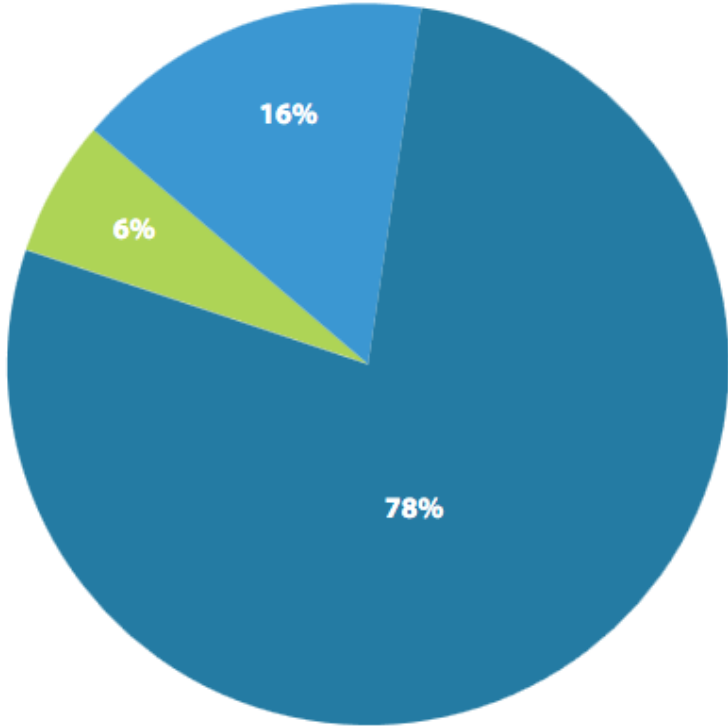
AF and GCF Projects and Funding Approved by NIE

Entity	Number of Projects		Funding Approved (USD)		Total (USD)
	AF	GCF	AF	GCF	
Banque Agricole du Niger (BAGRI)	0	-	0	-	0
National Bank for Agriculture and Rural Development (NABARD)	6	2	9,094,843	134,357,000	143,451,843
Bhutan Trust Fund for Environmental Conservation (BT FEC)	1	0	9,998,955	0	9,998,955
Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)	1	2	6,950,239	15,212,400	22,162,239
Palli Karma-Sahayak Foundation (PKSF)	0	1	0	9,681,340	9,681,340
Micronesia Conservation Trust (MCT)	1	1	970,000	8,583,350	9,533,350
Protected Areas Conservation Trust (PACT)	0	0	0	0	0

AF Study 3 – Climate Finance Accessed

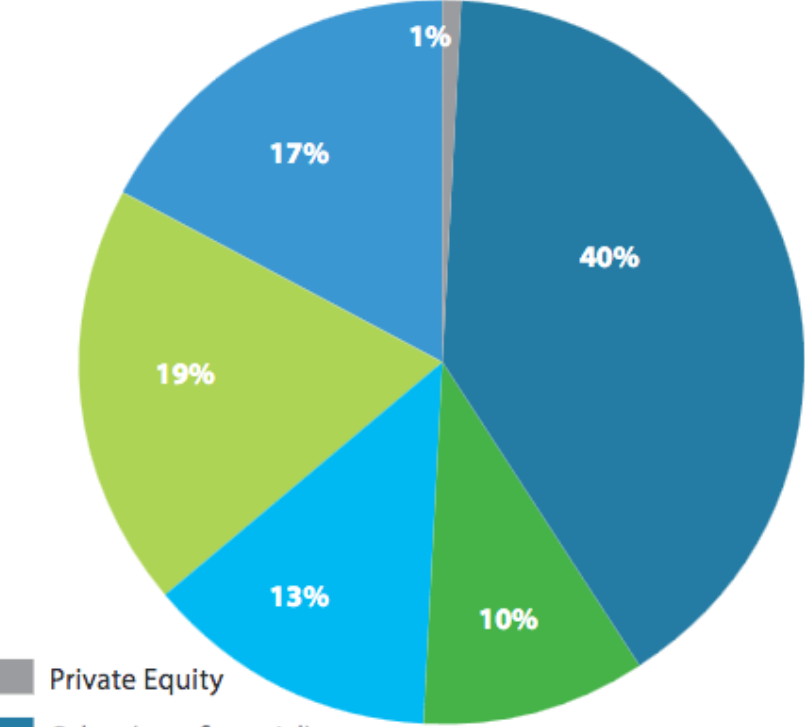


AF NIEs by Type



- Other (non-financial)
- Bank (development)
- Trust Fund/Foundation (development)

GCF DAEs by Type



- Private Equity
- Other (non-financial)
- Bank (development)
- Trust Fund/Foundation (development)
- Bank (private)
- Bank (national)

As of May 2023

AF Study 3: Financial Institutions and Trust Funds – Key Lessons Learned

1. Trust Funds are well suited for AF Accreditation.
2. Development Banks are Fiduciary-Compliant.
3. Development Banks Struggle with Project Management Standards.
4. Trust Funds and Foundations Face Internal Audit Standards Hurdles.
5. Accreditation to AF Facilitates Climate Finance Mobilization.
6. Project Implementation Opportunities Enhance NIE's Fund Management and Supervision Processes.
7. Information Management and Monitoring KPIs Can Improve Accreditation and Fund Management.
8. GCF DAEs without Project Management Capabilities Need Consideration.

Q&A

Discussion on lessons and key findings

Thank You



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