Climate Finance Readiness Seminar #1: The Wrap

The “Climate Finance Readiness Seminar #1,” hosted by the Adaptation Fund (AF) on May 1-2, 2014 in Washington DC launched the AF’s Readiness Programme as practitioners convened to discuss experiences and draw key lessons on supporting the capacities of entities to access climate finance directly and to outline areas of future collaboration.

The overall objectives of the programme are to increase the number of accredited national implementing entities (NIEs) and the number of quality projects proposed and implemented by NIEs and regional implementing entities (RIEs). With the recent approval of a new environmental and social policy in November 2013, the programme also offers an opportunity for entities to gain familiarity with the policy and build capacity in managing and addressing environmental and social risks in project design and implementation. The seminar also marked the launch of the South-South cooperation grants program, an exciting initiative that provides grants to NIEs currently implementing Adaptation Fund projects to support other countries seeking accreditation.

Session 1: Adaptation Fund’s Fiduciary Standards: Challenges, Successes and Lessons Learned

Accreditation Panel Experts outlined the Fund’s fiduciary standards and highlighted challenges countries have faced in the accreditation process, and provided lessons learned to date about the process. Key takeaways:

✓ Three criteria look for in assessing each fiduciary standard
  1. Policy in place
  2. Detail of procedures followed or workflow
  3. Evidence of use

✓ Selecting the “right” entity is critical

There is no one rule – it’s country dependent. In some countries, a ministry has been accredited, in others autonomous bodies with independent boards, such as government corporations, NGOs, foundations, development banks.

✓ Strong leadership is essential

  1. Leadership within an entity (commitment to the application, to fill gaps, to implement necessary change, to dedicate resources)
  2. Political leadership in selecting the appropriate entity and providing resources

✓ Potential types of capacity building to assist entities seeking to meet fiduciary standards during the accreditation process
1. Prior to the application process, provide support for organizational self-assessment to identify gaps and how to fill them (work plan).
2. Provide assistance codifying the organization’s relevant policies, procedures, and operation
3. Provide an in depth understanding of the fiduciary standards (including potential assistance with translation)
4. Provide information on best practices in other organizations which may be relevant to the entity

✓ Outsource vs. build in-house considerations

1. Conduct a cost-benefit analysis – depends heavily on size and scope of organization
2. Outsource must ensure sustainability of functions

Session 2: Perspectives of Accredited National Implementing (NIEs)

Representatives of Adaptation Fund accredited NIEs: the Planning Institute of Jamaica (PIOJ, Jamaica), Centre de Suivi Ecologique (CSE, Senegal), Agencia Nacional de Investigacion e Innovacion (ANII, Uruguay), and Unidad para el Cambio Rural (UCAR, Argentina) shared their experiences with the accreditation process. Key takeaways:

- Important to select an appropriate entity with strong leadership and backed by political will
- Critical to work with more than just government but also coordinating efforts with multilaterals, NGOs, and other relevant groups
- Capacity building cannot be “one-size fits all” - must be tailored or targeted

Main challenges faced by NIEs going through the accreditation process

✓ The political process of choosing the right entity
✓ The process is time consuming and highly demanding
✓ Lack of appropriate documentation of certain operations or policies
✓ When English is not the working language, translation is costly and time consuming

Other issues

✓ The predictability of financing is an important incentive
✓ Some NIEs are already providing South-South cooperation to other entities in the same region or even in other regions. It is useful because entities facing the same challenges and constraints are likely to better understand each other and this type of collaboration should be promoted
✓ Applicants should seek external assistance/financial support to address identified gaps
✓ It would be helpful to organize additional regional workshops to encourage learning and networking

Benefits of going through the accreditation process

✓ AF accreditation:
  o raises the profile of climate change adaptation in-country
  o can help mobilize additional resources for climate change adaptation
  o helps “fine-tune” an organization’s policies, procedures, and standards, and align with international standards
  o Validates organization’s process and increases its national and international reputation
  o consolidates a commitment to implementing the project
places an NIE in a position to promote collaboration with other national and multilateral organizations in-country
NIEs can take on more responsibilities related to climate finance having gone through the process

Session 3: Beyond Fiduciary Standards: Integrating the Adaptation Fund’s Environmental & Social Policy

Members of the secretariat provided an introduction and guidance on the principles of the Fund’s environmental and social policy; outlined the procedures for the Fund’s accreditation and re-accreditation process; and highlighted changes to the project review process. Key takeaways:

To build the capacities of entities to comply with the social and environmental policy approved by the Adaptation Fund Board in November 2013

✓ Three criteria that should consider at the accreditation stage
  1. “Tone at the top” of the entity’s highest managerial level to abide by the Fund’s environmental and social policy;
  2. Institutional systems’ capacity to screen and manage environmental and social risks;
  3. Availability of grievance mechanism.
✓ Forthcoming guidance document must be framed carefully to address how it applies at the project level and what is feasible
✓ The Environmental and Social Policy should be applied from a risk perspective at the project level

Session 4: Other Funding Institutions: Lessons on Climate Finance for Adaptation

The panelists from the Green Climate Fund (GCF), the Global Environment Facility (GEF), and the Climate Investment Funds/Pilot Program for Climate Resilience (CIFs/PPCR) provided insight into what other entities are doing to enhance readiness to access international climate finance. Key takeaways:

✓ Planning, programming, and coordination should be country-driven
✓ Deploying a programmatic approach may initially be more complicated but can have a more dramatic impact
✓ Encourage a partnership approach vs. competitive approach
✓ While processes differ across agencies, principles are similar
✓ It is important to achieve synergies among funding institutions

Session 5: Capacity Building Support for Climate Finance Readiness

Panelists from World Resources Institute (WRI), United Nations Development Programme (UNDP), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Climate and Development Knowledge Network (CDKN), and the Climate Change Group at the World Bank discussed how their respective organizations have been providing support to entities seeking to directly access climate finance. Key takeaways:

✓ Establishing good ownership at the country level and coordinating climate related programs and organizations are critical to readiness
✓ The challenge is for organizations providing capacity building within a particular country to adequately communicate with each other
✓ Climate resilience is not going to be achieved in the short-term, so finance needed to be sustainable
✓ There is need for a working definition of “readiness,” “enabling environment,” and “climate finance.”
Concluding Session: Readiness Wish List, Next Steps

The following are the main points that emerged from the open discussion about the future of climate finance readiness and areas for collaboration among different organizations.

Adaptation Fund:

✓ Continue to collect and analyze lessons learned in practice and share with practitioners in the field
✓ Develop a check-list or some criteria to assist in pre-assessment or pre-screening of applicants
✓ Appeal for more funds and predictable sources of funding
✓ Provide a list of helpful FAQs that an entity might not know to ask when applying for accreditation to the AF
✓ Develop mentoring program for NIEs
✓ Continue to provide support encouragement to countries and organizations
✓ Dream to have one standard (i.e. ISO for accreditation)

➢ Adaptation Fund should stay nimble, creative, and flexible

Action Items:

1. Develop template for roster of experts, upload onto UNDP/World Bank Climate Finance Options (CFO) Platform (AF/CDKN/UNDP)
2. Readiness portal: paragraph of what each organization can do and include relevant links (UNDP)
3. Additional information on GCF request for information from those providing readiness support (WRI)
4. Circulate GIZ training program once published (GIZ)
5. Circulate & solicit comments/suggestions on draft guidance document on AF’s Environmental and Social Policy (AF; comments welcome from all agencies and individuals)
6. Circulate list of Climate Seminar #1 Readiness participants (AF)

2014 calendar of events for AF Readiness Programme for Climate Finance

July 1-4: Africa NIE Workshop, Nairobi, Kenya with Heinrich Böll Foundation, Climate & Development Knowledge Network (CDKN), and the National Environment Management Agency of Kenya (NEMA).

July 15-17: Adaptation Fund Familiarization Workshop, Washington, D.C.

August 15: Deadline to apply for the South-South Cooperation Grants

Sept 10-12: Joint workshop with UNEP on the Accreditation Process in Bangkok, Thailand

Sept 16-19: Pacific Island Workshop, Apia, Samoa with Secretariat of the Pacific Regional Environment Programme (SPREP)