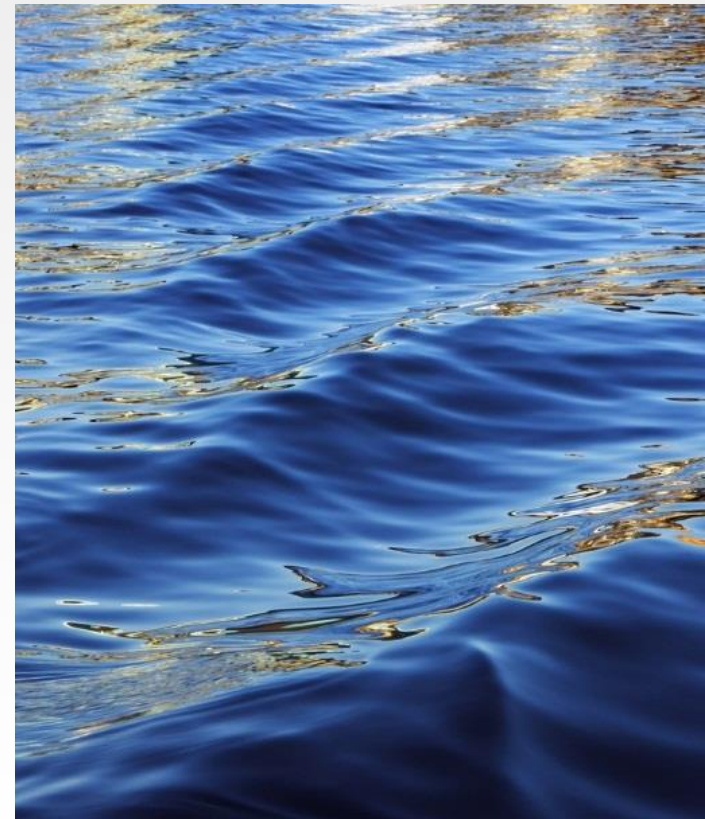




ADAPTATION FUND

Accessing Climate Finance: AF experience

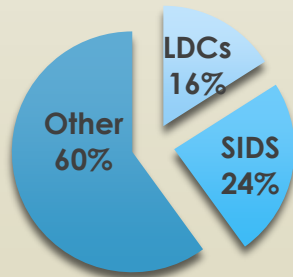
Bonn 15 May, 2017



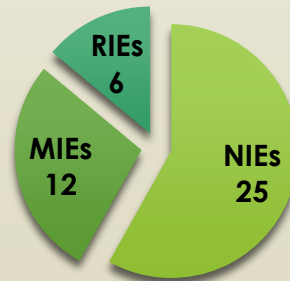
AF solid experience with Direct Access Modality

- ✓ The Adaptation Fund finances projects and programmes that help vulnerable communities in developing countries adapt to climate change. **Initiatives are based on country needs, views and priorities.**
- ✓ Direct Access, whereby a country can access funds directly from the AF and other funds adopting similar modality to manage adaptation/mitigation projects, requires an accredited Implementing Entity meeting the funds' fiduciary standards, environmental and social safeguards and gender policy
- ✓ It now has 25 national implementing entities, with 40% in Least Developed Countries and Small Island Developing States,

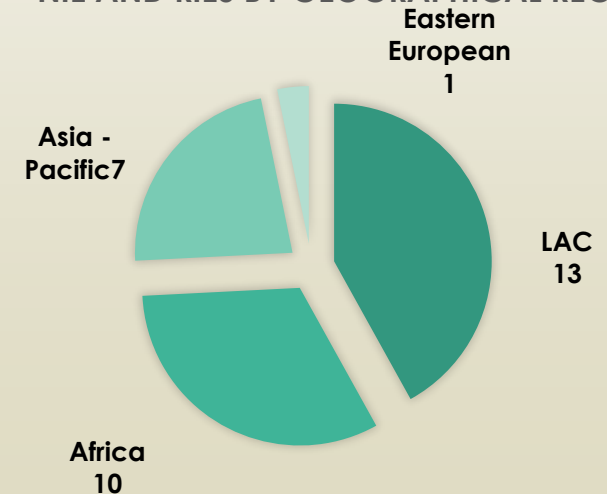
SIDS and LDC among NIs



Accredited Implementing Entities



NIE AND RIES BY GEOGRAPHICAL REGION



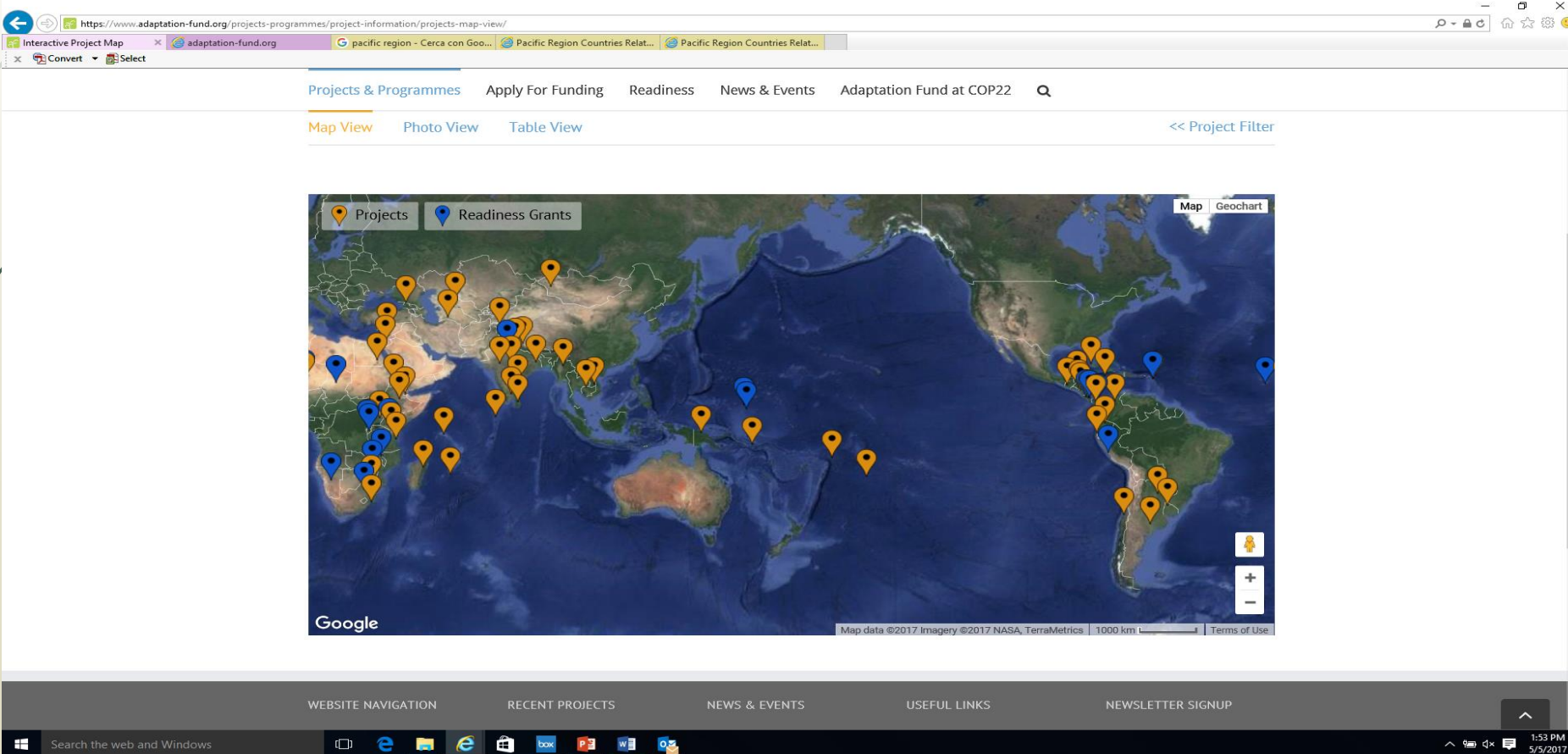
Regional Implementing Entities

- ✓ In addition to the nomination of an NIE a group of Parties may also nominate a regional entity as implementing entities (RIE). The application for accreditation shall be endorsed by at least two country members of the organization. The RIEs will bear the full responsibility for the overall management of the projects and programmes financed by the Adaptation Fund, and will bear all financial, monitoring and reporting responsibilities.
- **Caribbean Development Bank- Barbados**
- **Central American Bank for Economic Integration (CABEI) - Honduras**
- **Corporación Andina de Fomento (CAF) - Venezuela**
- **Observatoire du Sahara et du Sahel / Sahara and Sahel Observatory (OSS)-Tunisia,**
- **Secretariat of the Pacific Regional Environment Programme (SPREP)-Samoa,**
- **West African Development Bank (BOAD)-Togo**

NIEs and RIEs in the Pacific Region

- **Ministry of Finance and Economic Management, (MFEM), Cook Islands**
- **Micronesia Conservation Trust, Federated States of Micronesia**
- **Partnership for Governance Reform in Indonesia (Kemitraan), Indonesia**
- **Secretariat of the Pacific Regional Environment Programme (SPREP)-Samoa**

In another Island Region, the Caribbean, we have 4 NIEs and 1 RIE



The screenshot displays the Adaptation Fund website's project map interface. The browser address bar shows the URL: <https://www.adaptation-fund.org/projects-programmes/project-information/projects-map-view/>. The page features a navigation menu with options: [Projects & Programmes](#), [Apply For Funding](#), [Readiness](#), [News & Events](#), and [Adaptation Fund at COP22](#). Below the menu, there are view options: [Map View](#) (selected), [Photo View](#), and [Table View](#), along with a [Project Filter](#) link. The main content area shows a map of the Pacific region with numerous orange pins representing projects and blue pins representing readiness grants. The map is powered by Google and includes a scale bar for 1000 km. The footer contains navigation links: [WEBSITE NAVIGATION](#), [RECENT PROJECTS](#), [NEWS & EVENTS](#), [USEFUL LINKS](#), and [NEWSLETTER SIGNUP](#). The Windows taskbar at the bottom shows the system time as 1:53 PM on 5/5/2017.

Accreditation Criteria



➤ Legal status

- Demonstration of legal personality
- Ability to contract with AF and authority to directly receive funds

➤ Financial Management and Integrity

- Financial Statements and External Audit requirement
- Internal Control Framework
- Internal Audit/Assurance and Oversight arrangements
- Preparation of Business plans and budget

Accreditation Criteria

▶ Institutional Capacity

- Procurement
- Project Preparation and Appraisal
- Project Implementation Planning
- Project Monitoring and Evaluation
- Project Closure and Final Evaluation

▶ Transparency, Self-investigative Powers, Anti-corruption measures and handling complaints about harmful Environmental or Social Impact of projects

- Policies and Framework and capacity to deal with fraud, corruption and other forms of malpractice
- Commitment by the entity to apply the Fund's Environmental & Social and Gender policy
- Mechanism to deal with complaints on environmental and social harms caused by projects

Examples of capacity gaps in SIDS and mitigating factors

- ✓ **Less formal internal controls than those of larger entities that permits management to override internal controls that do exist. The lack of formal internal controls does not necessarily indicate-fraud or error but, any ability for management override of controls is and may have a significant adverse effect on the control environment and lead to an increased risk of fraud.**

Risk mitigation: An active Board of Directors or another oversight body which regularly reviews day-to-day operations as well as the results from independent audits (internal and external) and the financial statements might contribute to mitigate this type of exposure. Full documentation of key financial and operating processes and procedures also minimizes this risk – as does a statement from senior management that management override is properly authorized.

- ✓ **Limited extent to which segregation of duties in some areas is practicable due to the size of the applicant and the small of employees.**

Risk mitigation: Active management supervision of staff in day-to-day operations serves as a compensatory internal control that counters the risk associated with the limited segregation of duties.

- ✓ **Limited ability to withstand adverse financial conditions and still sustain operations.**

Risk mitigation: The SNIE would need to demonstrate financial sustainability in the short, medium and long term before any recommendation for accreditation could be made.

- ✓ **Turnover of key staff or complete reliance on key individuals with no back up or insufficient investment in staff in terms of training and financial and/or operational exposure. A high turnover of key staff has a negative effect on the SNIE's sustainability, or an ability to deliver quality projects, etc.**

Risk mitigation: Although there might be external factors that contribute to the turnover, the SNIE would need to demonstrate that key staff, necessary to deliver grant-funded projects are fully staffed with qualified individuals on a sustainable basis. Board is encouraged to have an active oversight control.

Facilitating Small Entities for Access to Climate Finance

- In April 2015, the AF Board approved the use of a **Streamlined Approach** for accreditation of Small Entities that may not be able to meet the Fund's normal Fiduciary Standards because of their small size. In this case, the Fund accepts mitigating measures for each standard but still requires that all standards are met.
- The streamlined process aligns the Fund's accreditation process further with the **Paris Declaration** in 2005 and **Accra Agenda for Action (AAA)** in 2008 as well as the **Paris Agreement** which emphasizes the importance of efficient access to financial resources through simplified approval procedures and enhanced readiness support for developing country Parties, in particular for the least developed countries (LDCs) and small island developing States (SIDS), in the context of their national climate strategies and plans.

AF ROLE AS FACILITATOR

- ✓ **Operationalization of direct access to climate finance.**
- ✓ **Implementation of a readiness programme.**
- ✓ **Proven ability to ensure an accelerated, simplified, efficient and effective project cycle.**
- ✓ **Active civil society involvement at various levels.**



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