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RESEARCH REPORT

Learning from Direct Access Modalities in Africa

Laura Schäfer, Alpha Kaloga, Sönke Kreft, Michael Jennings, Liane Schalatek, Fadzai Munyaradzi

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Coordinating author: Laura Schäfer
Authors: Alpha Kaloga, Sönke Kreft, Michael Jennings, Liane Schalatek, Fadzai Munyaradzi

Contributing in-country research: Bettina Koelle, Emmanuel Seck, Fazal Issa, Willie Tuimising, Saïd Chakri

Editing: Paula Mc Diarmid

Layout: Daniela Baum

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Office Bonn
Dr. Werner-Schuster-Haus
Kaiserstr. 201
D-53113 Bonn
Phone +49 (0)228 / 60 492-0, Fax -19

Office Berlin
Stresemannstr. 72
D-10963 Berlin
Phone +49 (0)30 / 28 88 356-0, Fax -1

Internet: www.germanwatch.org
E-mail: info@germanwatch.org

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List of Agronyms

ADA	Agency for Agricultural Development (French acronym for: Agence pour le Developpement Agricole)
AF	Adaptation Fund
AFB	Adaptation Fund Board
AfDB	African Development Bank
AFN-Network	Adaptation Fund NGO Network
BMUB	German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (German acronym for: Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit)
BOAD	West African Development Bank (French acronym for: Banque Ouest Africaine de Développement)
CBO	Community-based Organisation
CCIB	Chamber of Commerce and Industry (Benin)
CCM	Country-Coordination Mechanism
CDKN	Climate Development Knowledge Network
CDM	Clean Development Mechanism
CEO	Chief Executive Officer
CER	Certified Emission Reduction
CMP	Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol
CNSR	National Centre for Road Safety
COMNAC	National Committee on Climate Change (French acronym for: Comité National Changement Climatique) (Senegal)
COP	Conference of the Parties (to the UNFCCC)
CRGE – Facility	Climate Resilient Green Economy Facility
CSE	Centre for Ecology (French acronym for: Centre de Suivi Ecologique)
CSO	Civil Society Organisation
DBSA	Development Bank of Southern Africa
DCF	Domestic Climate Fund
DA	Designated Authority
DEA	Department of Environmental Affairs (South Africa)
DfID	Department for International Development (UK)
DGTCP	Direction of the Treasury and of Public Accountancy (Benin)
EE	Executing Entity
ENRM	Environmental and Natural Resource Management
EPACC	Ethiopia's Program of Adaptation to Climate Change
ESP	Environmental and Social Policy
ESS	Environmental and Social Safeguards
ESMS	Environmental and Social Management System
FMC	FONERWA Managing Committee
FNE	National Fund for Environment (French acronym for: Fonds National pour l'Environnement)
FNLD	National Fund for Desertification Control
FONERWA	Environment and Climate Change Fund Rwanda
FTC	Fund Technical Committee

GAVI	Global Alliance for Vaccines
GCF	Green Climate Fund
GCT	Green Cities and Towns
GEF	Global Environment Facility
GGCRS	Green Growth and Climate Resilience Strategy
Global Fund	Global Fund to Fight AIDS, Tuberculosis and Malaria
GoB	Government of Benin
GoR	Government of Rwanda
GTP	Growth and Transformation Plan
ICF	International Finance Corporation
IE	Implementing Entity
IFC	International Finance Cooperation
KfW	Reconstruction Credit Institute (German acronym for: Kreditanstalt für Wiederaufbau)
LCE	Low Carbon Economy
LDC	Least Developed Country
LDCF	Least Developed Countries Fund
M&E	monitoring and evaluation
MEF	Ministry of Environment and Forests (Ethiopia)
MEHU	Ministry of Environment, Housing and Urban Planning (Benin)
MIDIMAR	Ministry of Disaster Management and Refugee Affairs (Rwanda)
MIE	Multilateral Implementing Entity
MINAGRI	Ministry of Agriculture (Rwanda)
MINALOC	Ministry of Local Governments (Rwanda)
MINICOM	Ministry of Trade and Industry (Rwanda)
MININFRA	Ministry of Infrastructure (Rwanda)
MINIRENA	Ministry of Natural Resources (Rwanda)
MoA	Memorandum of Agreement
MoFED	Ministry of Finance and Economic Development (Ethiopia)
MRV	Measurement, Reporting and Verification
NDA	Nationally Designated Authority
NAMA	Nationally Appropriate Mitigation Actions
NAPA	National Adaptation Programmes of Action
NAPs	National Adaptation Plans
NCCC	National Committee on Climate Change (Benin)
NEF-Benin	National Environment Fund – Benin
NEMA-Kenya	National Environment Management Authority Kenya
NEMC	National Environment Management Council (Tanzania)
NFEC	National Environment Fund and Climate Change
NGO	Non-Governmental organisation
NIE	National Implementing Entity
NT	National Treasury
ODI	Overseas Development Institute
OSS	Sahara and Sahel Observatory (French acronym for: L'Observatoire du Sahara et du Sahel)
PD	Project Document

PFG	Project Formulation Grant
PMO	Prime Minister's Office
PPD	project proposal documents
PR	Principal Recipient
PS	Performance Standards
REDD	Reducing Emissions from Deforestation and Forest Degradation
REMA	Rwanda Environment Management Authority
RFP	request for proposal
RIE	Regional Implementing Entity
RNRA	Rwanda Natural Resources Authority
SANBI	South African National Biodiversity Institute
SIDS	Small Island Developing States
SGF	Small Grants Facility
SRAP	Sector Reduction Action Plans
SRIE	Sub-Regional Implementing Entity
SRM	Sectoral Reduction Mechanism
TRAPs	Thematic Reduction Action Plans
UN	United Nations
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNICEF	United Nations Children's Fund
WB	World Bank
WFP	United Nations World Food Programme
WHO	World Health Organization
WRI	World Resource Institute

Executive Summary

In the climate finance arena, the Adaptation Fund (AF) has pioneered direct access - an access modality that allows developing countries to receive funds for project and programme implementation directly without going through an intermediary. The international accreditation in 2010 of the Centre de Suivi Ecologique (CSE) in Senegal marked a milestone for the debate on channelling climate finance. The accreditation and subsequent approval of the first direct access project in a least developed country (LDC) in Africa – which Senegal is – offered a new narrative, which assumes that some national structures, even in poor countries, have the capacity to meet international best practice standards in managing funds and are able to submit tangible projects in the adaptation field.

To date, a number of national implementing entities (NIEs) in Africa have commenced the process of programming direct access funding domestically; moreover domestic climate funds (DCFs) in several African countries are similarly grappling with this challenge. These combined experiences provide rich lessons, useful for a decisive phase in the global climate finance architecture - determining how the provision of innovative financing mechanisms and direct access funding instruments will work in practice and allowing inferences about how direct access can be programmed more broadly.

The lessons learnt regarding challenges and enabling factors during accreditation, project development and approval, as well as project implementation can be used to strengthen support processes for the accreditation of future NIEs to the AF and also to the Green Climate Fund (GCF). This is increasingly relevant as the AF continues to operate and constantly expands its African portfolio, while the Green Climate Fund (GCF) is now close to funding operations with the aim to initiate a paradigm shift in climate policy. It is to be expected that such a paradigm shift will 1. need to work on the basis of state of the art in devising climate finance pathways, and 2. constantly try to advance the way funding is spent. A first step regarding this advancement of the international climate landscape to the next level of responsibility is already taken on the level of the AF - during its 24th meeting the Fund approved an enhanced direct access project for South Africa's NIE (SANBI)[1].

The aim of this report is to support the debates in climate finance – from the AF to the GCF – by providing insights into the processes of programming climate finance domestically for 6 NIEs (NEMA-Kenya, SANBI-South Africa, CSE-Senegal, MINIRENA-Rwanda, ADA-Morocco and FNE-Benin)[2], 2 MIEs (UNEP in Tanzania, AfDB with its head office in Tunisia)[3] and 2 RIEs (OSS and BOAD)[4] in Africa, as well as 4 domestic climate funds (FONERWA in Rwanda, the CRGE Facility in Ethiopia, the FNE in Benin and the Green Climate Fund in South Africa)[5].

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[1] See: AFB 2014: Decisions of the twenty-forth meeting of the Adaptation Fund Board.

[2] NEMA-Kenya (National Environment Management Authority Kenya), SANBI-South Africa (South African National Biodiversity Institute), CSE-Senegal (Centre for Ecology. French acronym for: Centre de Suivi Ecologique), MINIRENA – Rwanda (Ministry of Natural Resources Rwanda), ADA – Morocco (Agency for Agricultural Development. French acronyme for: Agence pour le Developpement Agricole), FNE-Benin (National Fund for Environment. French acronym for: Fonds National pour l'Environnement).

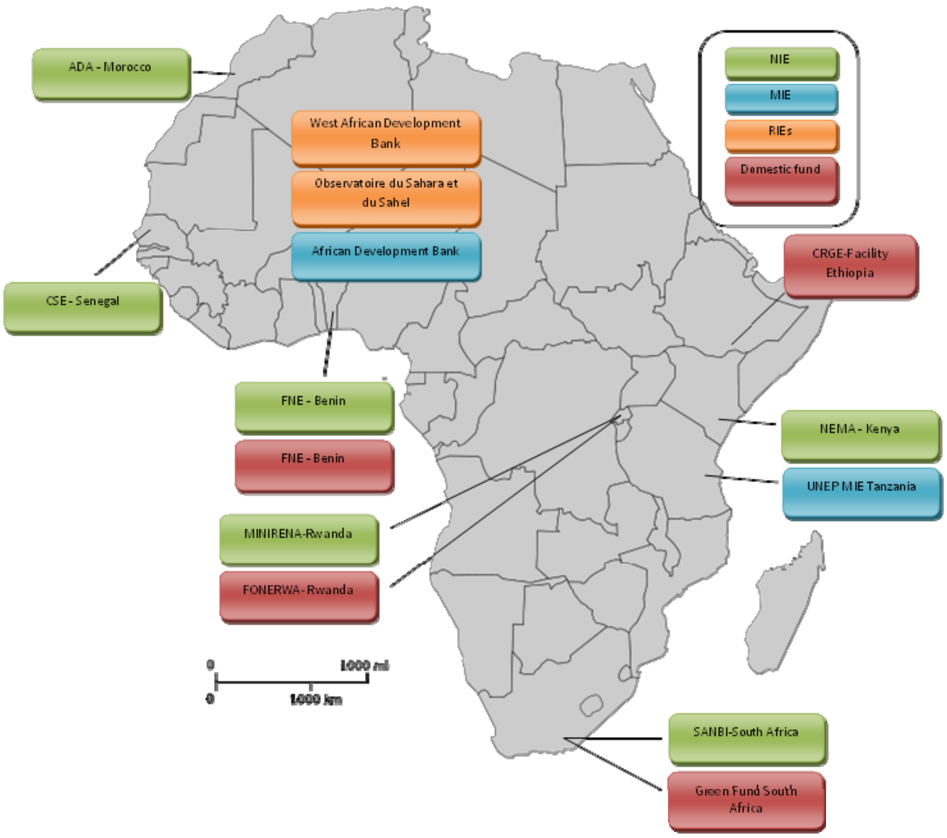
[3] UNEP (United Nations Environment Programme) in Tanzania, the only African country in the AF-Network that implements an MIE project and the AfDB (African Development Bank) with its head office in Tunisia

[4] OSS (Sahara and Sahel Observatory. French acronym for: L'Observatoire du Sahara et du Sahel with its head office in Tunisia), BOAD (West African Development Bank. French acronym for: Banque Ouest Africaine de Développement with its head office in Togo).

[5] FONERWA – Rwanda (Environment and Climate Change Fund Rwanda), FNE-Benin (National Fund for Environment. French acronym for: Fonds National pour l'Environnement), CRGE – Facility Ethiopia (Climate Resilient Green Economy Facility, Ethiopia), Green Fund – South Africa.

The main objectives of the research for this report were to:

- provide major input into the understanding of challenges, enabling factors and benefits related to direct access to the AF (from accreditation, project development and project implementation) as well as document the different ways in which stakeholders, especially vulnerable communities, have participated in the direct access process;
- synthesise success stories for climate-compatible development from the African accreditation processes broader than the immediate lessons for the AF;
- assess the interplay between different AF access pathways in relation to direct access;
- examine examples of DCFs, increasingly relevant conduit for climate finance and leadership, and explore their characteristics, and analyse the lessons that can be learned from the AF pioneering experience with direct access for the elaboration of the access modalities and the accreditation process of the GCF.



The research methodology

In order to learn from the experiences of implementing entities (IEs) and DCFs, the research applied a mix of qualitative scientific methods, mainly using interviews as a research tool. In a first step, we conducted desk research on direct access. This was followed by expert interviews with the AFB Secretariat to identify challenges, gaps, impediments and expectations from the Accreditation Panel to the applicants, as well as challenges that accreditation applicants, particularly from Africa, encounter throughout the accreditation process. This contributed to the development of a guiding questionnaire. This questionnaire was tested on 5–6 May 2014 during a mission in Benin and was later used during the in-country research to conduct in-depth structured interviews. Interviews were conducted by national partner organisations (African members of the AF NGO-Network (AFN-Network)[6]), or by Germanwatch itself. The process helped collect the views of

[6] The Adaptation Fund NGO Network is a coalition of non-governmental organisations (NGOs) and interested stakeholders following the development of the AF and its funded projects. The Network strives for a sustainable dynamic influence on

relevant actors (representatives of the respective IE and designated authorities (DAs), environment and finance ministries, and civil society and other stakeholders in the project area) on challenges and best practice regarding all aspects of IE accreditation, project design and implementation.

Adaptation Fund NIE experiences in Africa

This report describes various NIE experiences during the processes of accreditation, project development and approval as well as during project implementation. Moreover, the report highlights factors that are important for sustainability of the interventions, such as stakeholder consultation and involvement, as well as mechanisms to ensure that the needs and concerns of vulnerable groups are fulfilled and that gender issues are addressed. To provide an overview of these issues, all processes are analysed and structured along three categories and respective guiding questions: (a) Challenges: What kind of challenges did NIEs encounter in each phase? What did they find particularly difficult? (b) Enabling factors: What kinds of factors were supportive to successfully accomplish this phase? (c) Benefits: What kind of positive impacts did this process have? Both direct (for the NIE, the project) and indirect impacts (effects beyond the NIE scope, for the national level) are taken into account.[7]

Accreditation process: In retrospect (all consulted NIEs are accredited) NIEs identified capacity-related ***challenges*** as the greatest barrier. According to interviewees, there is a significant need for time to develop these capacities before the accreditation process is undertaken. Moreover, the duration of the process was identified as a problem, as were certain underlying problems (such as change of government, loss of key staff members). Other major challenges named by the interviewees were the language barrier for non-English speaking countries and the lack of ability to meet fiduciary standards, in particular the demonstration of measures and policies in place to promote transparency and combat corruption. When asked about any ***enabling factors*** that could guide NIEs still in the process of accreditation, NIEs highlighted that those are to be found both inside the NIEs (eg, experience in project development, management and implementation) and outside the reach of the NIEs themselves, namely domestic support and a committed DA. Respondents urged the need for participation of key institutions, stakeholders and forums in the selection process – ideally through a national climate change committee – in part to avoid claims of political interference. In addition to institutional capacity-building as a direct positive impact of the accreditation process, respondents noted that accreditation had significant indirect ***co-benefits*** for catalysing and revitalising scientific research on mitigation and adaptation at the country level moreover, helping to revitalise commitment to good governance and existing national adaptation plans.

Adequacy of support by the AF during the accreditation process: NIEs perceived the assistance from their contact person as well as site visits by the AF as very ***helpful*** in navigating the strict requirements and high volume of support in documentation requested. NIEs also indicated that the AF website was a good resource, providing a lot of information. However, they noted that the structure of the website could be overworked as information was sometimes hard to find. Interviews revealed that ***weaknesses*** exist mainly in regard to the process' duration as well as in communication, which is often unclear and inconsistent. It should be noted that many interviewees stated that NIEs perceived the process to be inflexible and intrusive. Respondents therefore recommended the AF to be more flexible about what qualifies as sufficient evidence of the application of policies and standards, as this is a challenge for newly established organisations and highly

politics and the engagement of civil society. It is hopeful of contributing to a successful implementation of AF-funded projects in developing countries, for the benefit of those people and communities particularly vulnerable to climate change. For more information, see www.af-network.org.

[7] It must be noted that the below presented insights are deliberately not assignable to specific NIEs as the NIE representatives asked us to not mention them by name. Statements may therefore reflect individual experiences and should not be generalized.

centralised entities that are subject to frequent political changes (eg, ministries). They also recommended to streamline the accreditation process so that it is shorter and does not require the involvement of as many people/entities in the recipient countries. It must be noted, however, that all interviewed NIEs have been accredited since 2012 at the latest and hence did not mention the AFB readiness programme, which was approved in November 2013[8] and aims to strengthen national and regional entities' capacity to receive and manage climate financing as they adapt and build resilience to changing conditions in sectors ranging from agriculture and food security to coastal zones and urban areas. This demonstrates that the AF has recognized the needs identified in this research report and taken a step in the right direction.

Project development and approval process: After achieving accreditation, NIEs need to prepare for their core task as implementing entities, namely the development and implementation of adaptation projects. The post-accreditation stage is a decisive phase for the later success of project development and implementation. In order to be successful, project proponents must show how the activities contribute to resilience, how vulnerable people benefit from the intervention, how they will minimise negative side-effects, how to capture learning, etc.[9] Although major challenges lurk in the process, these are often underestimated by NIEs. The post-accreditation phase is, therefore, an important opportunity for NIEs to learn from other forerunners to successfully cope with these challenges.

For projects larger than US$1m, the AF offers two possible routes to project development and approval: either the NIEs undergo a one-step process and directly submit a full proposal or they decide on a two-step process and submit a project concept first and then work on the full proposal only after the concept has received guidance and been approved by the AF. The fully developed project proposal is then reviewed and approved in a second step. Most countries indicated that they followed a two-step submission, as the AFB Secretariat advised this to be the most likely to deliver a positive result. They used this opportunity to better understand the process and its requirements hence concluded that for subsequent applications, they would be in a better position to use a one-step process. According to NIE interviewees, ***challenges*** during the proposal development and approval process could be attributed to two factors: on the one hand, the early stage of adaptation planning in most of the countries impedes effective planning. On the other hand, lack of clarity regarding the process, including when to expect decisions that advance the process, which would help NIEs to better prepare for and plan the process. NIEs noted that the main challenge of the post-accreditation process was the time lapse between accreditation and proposal endorsement. Some NIEs expressed their frustration with the fact that undergoing a thorough and time-consuming accreditation process did not result in the immediate disbursement of funds by the AF. Yet more time, effort and money was channelled into preparing project proposals that had to be approved by the AF before project financing would be disbursed. Without the Project Formulation Grant, many NIEs would struggle with proposal development in the post-accreditation phase. However, most respondents refer to the small sum disbursed by the fund compared to the cost of activities necessary to develop a proposal. NIEs noted 'experience in project development', 'support from consultants', 'a consultation process including NGOs, community-based organisations (CBOs), academia and the private sector' as well as 'engagement of people on the ground through participatory needs assessment' as ***enabling factors***. Moreover, NIE interviewees emphasised that once the entity looked beyond their traditional scope regarding thematic sectors they work on and actors they work with, this became a major enabling factor during this phase.

[8] See: https://adaptation-fund.org/node/3939 and AF 2014: Programme to Support Readiness for Direct Access to Climate Finance for National and Regional Implementing Entities.
[9] AF 2013: Instructions for preparing a request for project or programme funding from the Adaptation Fund.

Implementation of approved projects: After projects have been approved, new challenges await the NIEs. Regarding African NIEs, so far only Senegal, Rwanda and recently South Africa and Kenya have reached successful approval of a project, to date, only Senegal is in the process of implementation. The ***challenges*** in the implementation phase therefore mainly refer to Senegal, reporting that they struggled with delay in project implementation, difficulties in coordinating and managing the range of information and people as well as the compliance with the AF Environmental and Social Policy (ESP). But we also asked NIEs not yet involved in the process about ***anticipated challenges***. All of the respondents who gave input on this question expressed concerns that current developments may impede future project implementation, particularly national pressure to quickly work out a project proposal even though key processes take time (eg, identifying existing approaches to link into them). The interviewees anticipated that a rushed project design phase (due to lack of funds or other reasons) will later provoke delays in project implementation later on. NIEs mentioned 'regular meetings of NIEs', 'technical committees and executing entities' and 'the establishment of standing steering committee for projects early on' as ***enabling factors***. Furthermore, they recommended 'building on existing structures and using existing capacities effectively' and 'leveraging existing governance and compliance practices to facilitate AF project implementation and reporting.' ***Benefits***: In general, respondents took the view that the project implementation phase in particular will be a learning process. For many NIEs, it is the first time they will have been responsible for projects – therefore, each project will have lessons for others.

Stakeholder consultation and integration. Earlier research has shown that including civil society early in the NIE accreditation process is beneficial for later phases of project implementation. Consultation is necessary to understand potential obstacles and risks, define problems and identify their causes, get an overview of existing measures, maximise synergies, avoid duplications and ensure coordination. Consultation may show appropriate strategies and actions to address needs and achieve desired outcomes. Additionally, consultation helps save time, raise awareness, increase the participatory involvement of members of society and the project, share experiences and knowledge, reduce costs, and improve project performance and impact. According to the interviewees, stakeholder consultations have taken place in all six cases, although with varying extent and intensity. Stakeholders were: a) consulted regarding all relevant processes from the beginning to the end (accreditation, project identification, project development); b) consulted during particular processes (eg, elaboration of the project); c) involved in the call for proposal process, where they could hand in proposals. NIEs used different methods for stakeholder involvement, ranging from consultation through visits (field visits; community visits, household level visits); discussion groups and workshops or vulnerability assessments to real involvement through integration of stakeholders into steering committees and forums (eg, local steering committees, joint action development forum) or joint action development forums. NIEs perceived time and money as ***major challenge*** in the stakeholder consultation process. The formulation of projects including a wide stakeholder consultation process is expensive and takes time. Respondents described a tension between limited funding and participatory and integrated project design. The US$30,000 for project formulation was less than actual cost (covering an estimated 25% of actual costs). Challenges were moreover the expectation management, asking the right questions and the lack of comprehensive guidance from the AFB regarding consultations. When asked for ***enabling factors***, respondents reported that it is important to 'adjust the consultation process according to local conditions regarding both selection of stakeholders and modalities of consultation' and to 'obtain permission for working at the community level from key authorities.' As ***benefits*** of the consultation processes, NIEs highlight the 'awareness raising process for projects at local level', the 'focus on most vulnerable', the 'inclusion of local knowledge and expertise' and the 'establishment of a relationship crucial for the later implementation process'. Respondents further described meaningful consultation as an opportunity to foresee and/or resolve potential obstacles, constraints and conflicts and distribute benefits equitably.

Individual country success stories

To synthesize success stories for climate-compatible development from the African accreditation processes broader than the immediate lessons for the AF we took at detailed look at three NIEs: The Centre de Suivi Ecologique (CSE) in Senegal, the South African National Biodiversity Institute (SANBI) and the Rwandan Ministry of Natural Resources (MINIRENA).

The example of the Centre de Suivi Ecologique (CSE) in Senegal shows that early inclusion of civil society can contribute significantly to successful accreditation and an efficient project development and implementation process. In 2010, CSE was the first NIE to be accredited globally. According to interviewees from the CSE and civil society, one major factor contributing to both CSE's successful accreditation and its fast-track programme approval was the early inclusion of civil society. Senegal made great efforts to actively include civil society from the outset at all stages of the process. The nomination of CSE as NIE was based on a proposal by the national committee on climate change (COMNAC, French acronym for Comité National Changement Climatique), a national committee which, besides ministries, private sector, universities and research centres, is composed of NGOs, local communities and civil society associations. Close involvement was furthermore realised by meetings held with NGOs and CSOs and conducting stakeholder consultations during the accreditation phase as well as during the elaboration of the programme. According to respondents, four key effects of early civil society inclusion were crucial to the success of accreditation and project approval: ***(1) Establishing a relationship to build on:*** Early inclusion of civil society helped to establish good contact with national civil society organisations. The relationships established at this stage were useful for making later decisions about adaptation projects. ***(2) Using civil society as 'early warning system':*** In its ability to publicly criticise and denounce NIE activities, NIE coordinator Dethie Soumare Ndiaye perceived civil society to be an 'early warning system'[10] used by the NIE, anticipating what would be criticised by civil society and taking preventive measures regarding these issues. ***(3) Striving for transparency and credibility:*** Interviewees highlighted the advantages of civil society acting as an independent judge of NIE activities, adding to project credibility.

In South Africa we moreover found an example for testing enhanced direct access. The South African National Biodiversity Institute (SANBI) was accredited as South Africa's NIE in 2011. One of their recently approved projects is the Small Grants Facility (SGF), a pilot project to test a mechanism for enhanced direct access in South Africa. The main objectives of SGF funds are to understand climate change impacts and to identify local climate change risk. NIE director Mandy Barnett[11] has emphasised that the SGF prioritises active stakeholder engagement, in both its procedures and its funding decisions. The decision on three particular investment windows was based on a participatory vulnerability assessment identifying a set of stressors. The assessment process was characterised by a high degree of stakeholder involvement, facilitated by six community workshops, two community group meetings, and several meetings with organisations from different sectors (eg, health, water).Barnett describes the SGF as an effective and transparent way to channel money to communities. Through the NIE Steering Committee, there is support from government to explore how to scale up this process nationally should the pilot be successful. Barnett is very positive regarding SGF success so far. In South Africa, the small grant hence shows that the applicability of enhanced direct access may be tested on a local scale that later can be scaled up on national level.

Finally, Rwanda was examined, where NIE adaptation efforts were scaled up with a domestic fund. The Rwandan Ministry of Natural Resources (MINIRENA), Rwanda's NIE, was initially registered with the AF in August 2010; accreditation followed on 9 February 2012. In 2012, MINIRENA

[10] Interview with Dethie Soumare Ndiaye (CSE).
[11] Interview with Mandy Barnett.

was able to access a grant of $30,000 for project development from the AF, and the proposal development process took most of 2012. The proposal was revised twice before it was approved in 2013. A significant contribution to MINERWA's success in the project development process was FONERWA, a direct access fund for NGOs, districts, private sector and government that aims to achieve development objectives of environmentally sustainable, climate resilient and green economic growth and to benefit affected rural communities. FONERWA was established as the national instrument through which environment and climate change finance for Rwanda would be channelled, programmed, disbursed and monitored. With its objective to channel resources to where they are most effective and to raise opportunities for climate change finance, FONERWA actively supported the process of project development in support of MINIRENA as the NIE. Fund Coordinator Alex Mulisa explained that FONERWA approached the NIE based on their experiences with project development processes, the potential to meet standards and related support needs of producing a quality proposal to AF.[12] During the process of project development, FONERWA supported the NIE with technical expertise, particularly for the consultation process as well as with financial support. With support from FONERWA, MINERWA drafted a well-developed concept note. As a result there were no great differences between the concept note and the full proposal that was finally approved. The project approved by the AFB on 1 November 2013 is entitled 'Reducing vulnerability to climate change in north-west Rwanda through community based adaptation'. Of the total grant of US$9,969,619, an amount of US$3,249,920 has been transferred to date.

MIEs and RIEs in Africa and their role in direct access

Ideally, direct access and internationally intermediated access should not be mutually exclusive – recipient countries should be in a position either to choose the access modality that best fits their circumstances (in which case, direct access is an option, but not a priority) or to utilise internationally intermediated access in the early stages, and later make a transition to direct access (in which case, direct access is the overarching priority.) In this chapter, we seek to shed light on the role of internationally intermediated access and direct access in Africa. We compare insights from Tanzania – the only African country in the AF-Network that implements an MIE project – with discussion with representatives and staff members of other MIEs such as the AfDB. These views are complemented with arguments from literature and international discussions at the AFB level.

Discussion of advantages and disadvantages of internationally intermediated access: The section will attempt to explain why MIEs, despite the possibility of direct access offered to countries by the AF, have dominated the AF portfolio in term of projects approved. What's a country's motivation to choose internationally intermediated over direct access? Interviewees named "bridging capacity bottlenecks" as main ***advantage*** of internationally intermediated access. Government officials in Tanzania confirmed that the decision on MIE project implementation came about because accreditation of an NIE was not achievable at that time. There was high expectation of securing AF funding through an MIE. The specific choice to submit the project through UNEP as the favoured MIE was based on several factors. Synergies in the implementation of National Adaptation Programmes of Action (NAPA) projects funded by the Least Developed Countries Fund (LDCF) was among the highest ranked. The project focuses on a similar problem and follows a similar implementation arrangement, including the same Project Steering Committee. In addition, there was already experience around the UNFCCC-mandated Technology Needs Assessment for Tanzania that was implemented through UNEP. Also, according to country officials, UNEP has a track record in overseeing similar projects and expertise in the field of coastal adaptation measures. Representatives from MIEs, responding to the question of why to engage with countries on MIE projects, mentioned capacity bottlenecks – especially in LDCs – as the major motivation. In order to swiftly respond to urgent adaptation needs, countries with low capacity, and also small

[12] Interview with Alex Mulisa (FONERWA).

islands states, will be using the MIE pathway in the near future. Representatives confirmed that the project development phase benefits from technical support that can be facilitated either directly through technical teams at headquarters or regional level, or through international consultants. Major factors determining the exact forms of support are, for example, the language in the country of operation.

Moreover, interviewees named two particular ***disadvantages*** of internationally intermediated access. (1) MIE project management fees are consistently higher than those of comparable NIE projects. MIE management and execution fees are roughly 1.5 times higher than those of NIEs. Moreover, the implementing fees for NIEs are consistently lower than those charged by MIEs, with three NIEs charging less than 5.5%. For the ten countries in the SSA region, UNDP and UNEP have charged an 8.5% management fee in all cases, while the Ministry of Natural Resources in Rwanda charged 6.4% and CSE in Senegal charged 5.1%, the lowest management fee rate recorded so far under the AF. This difference between MIE and NIE fees may be a contributory factor behind the political interest in the direct access model. The findings provide an indication that NIEs are more cost effective than MIEs; however, it is yet to be seen how they will perform and achieve their objectives. As all AF projects are in the implementation phase, it is not possible to reach any general conclusions at this stage. (2) There are additional and prolonged communication, decision-making and project reporting requirements from MIEs resulting in delays in the project development and implementation that are, at least in Tanzania, due to MIE centralisation. Project coordination is done at headquarters with only light engagement in Tanzania (one officer). Respondents felt that issues with communication and decision-making processes contribute to the delays. While generalising from the Tanzania example should be avoided, observation by the AFB Secretariat seems to suggest that there is a difference in the time that NIEs and MIEs take from proposal endorsement to project inception. This is not necessarily a fault of the MIE agencies. Statements by MIE representatives say that delays are often caused by key personnel changes (at both political and technocrat level) in the host country. It was also reported that the level of responsiveness in national ministries is often very low and bureaucracy is high. Additionally, the DAs are often not politically empowered to take certain decisions – if they were empowered, this could facilitate a smoother implementation phase.

Based on the research, it can be assumed there are several reasons, why – despite the opportunity of direct access to the AF– developing countries have approached MIEs to submit and implement projects on their behalf. As the services provided by MIE are demand driven, it stands to reason that there is an ongoing need for African countries to harness the expertise of the MIEs. This is particularly relevant in cases where the accreditation of national entities in the near future is not realistic because of a range of potential shortcomings. The choice of MIEs to submit and manage projects funded by the AF seems to be part of a short-term strategy of developing countries to address urgent adaptation needs. In the long-term, however, there is an understanding that countries are striving to accredit their own institution and strengthen the national climate finance institutional set-up so as to be better equipped themselves to address the impacts of climate change.

Active transition from multilateral to direct access: One of the main issues that came up in the interviews and during the workshop held in Nairobi relates to the question of how the transition from multilateral to direct access in developing countries could be more purposeful and better managed. As seen, the choice of an MIE to implement a project on behalf of a country does not mean that this country does not wish to accredit its own institution or explore other access modalities beyond intermediary access. The AFB is relatively silent on this topic. There is neither guidance nor internationally formulated expectation on this particular issue. Based on the mandate, the AF is to finance concrete adaptation projects and not necessarily provide capacity building support for NIE accreditation. However, the AF has to some extent been funding capacity building, although integrated as a component of concrete adaptation projects and not directed at institutional capacity building for NIEs. While Tanzania is a real case of a transition to direct access, interviews did not give an indication that this process was actually actively managed by the MIE in the country. It remains to be seen how things will evolve, once Tanzania's NIE is accredited. Generally, however, many MIEs such as UNEP are in a strategic position to facilitate a transition. First, they are familiar with the landscape of actors in the country and work with them on a regular basis. Secondly, they have their own accreditation and project implementation experience. And thirdly, they often have a support mandate and, in many cases, resourced capacity building projects. The UNEP representative described this strategic space as 'the role to connect the dots.' The steps for an active transition from multilateral to direct access under the AF could include general steps such as a NIE (accredited or prospective) playing an active role in the project development cycle of a MIE project in the relevant national boundaries. It could include a regular exchange on the operation of the projects or a role in the preparation of the annual performance report. Importantly, the NIE would be included in the knowledge management processes, including monitoring and evaluation missions.

RIEs – still defining their role for Africa: The discussion on the matter of RIEs was initiated at AFB level in 2010 at the 13th meeting of the AF. RIEs are positioned between MIEs, and NIEs. So far, the AF does not allow regional projects, yet the idea of a regional pilot project was approved at the 24th AFB meeting in October 2014.[13] In its 24th meeting, the AFB decided to initiate steps to launch a pilot programme on regional projects and programmes, not to exceed US$ 30 million. This pilot programme will be outside of the consideration of the 50% cap on MIEs and the country cap. RIEs and MIEs that partner with NIEs or other national institutions would be eligible for this pilot programme. The AFB will request the AFB Secretariat to prepare, for the consideration of the AFB before the 25th meeting of the AFB, a proposal for such a pilot programme based on consultations with contributors, MIEs, RIEs, the Adaptation Committee, the Climate Technology Centre and Network, the Least Developed Countries Expert Group and other relevant bodies, with the view of making a recommendation on possible options on approaches, procedures and priority areas for the implementation of the pilot programme.[14]

So far, two African institutions have acquired RIE status under the AF: the West African Development Bank (BOAD), and the Sahara and Sahel Observatory (OSS).[15] An interview with a representative of the OSS was conducted to obtain a self-assessment of an RIE and to draw conclusions regarding this AF pathway. The interview revealed that the OSS sees three roles for its institution: ***(1) Facilitating access of member countries*** to the AF by submitting project proposals to the AF on their behalf. ***(2) Capacity-building on climate change adaptation*** in member countries by sharing its experience and knowledge in the development and implementation of regional programmes and projects. ***(3) Implementing regional, cross-border projects*** for cross-border problems (eg climate migration). There are many issues that require regional coordination, such as rangeland or water resource management, as the problems are not confined by national boundaries but defined through natural boundaries determined through the climate, the water basin, the geomorphology, etc. One point to consider is that one regional project alone submitted by a RIE, such as OSS on behalf of 10 countries, could potentially exhaust all the funding available within the AF. In addition, funding regional projects will require much more guidance from the AF because regional projects, in the strict sense, are very few in the field of adaptation. Furthermore, the AF will need to clarify the implementation arrangements for regional projects, the disbursement and allocation criteria of resources among participating countries, as well as the application of the county cap in the context of regional projects.

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[13] See decision B.24/30 in: AFB 2014: Decisions of the twenty-fourth meeting of the Adaptation Fund Board.

[14] Ibid.

[15] The Sahara and Sahel Observatory (OSS) is an independent intergovernmental regional organisation officially established in 1992 based in Tunis, Tunisia. OSS, composed of 22 African and five non-African member countries, as well as ten member organisations, acts as an initiator and facilitator of partnerships around common challenges related to the management of shared water resources and the implementation of multilateral environmental agreements, including those on desertification, biodiversity and climate change.

Domestic climate funds: example from Africa

The international climate finance landscape is fragmented, with a number of funds established under and outside the UNFCCC pursuing different objectives, applying different allocation frameworks and eligibility criteria and offering different access modalities. In response to difficult access to climate finance, and to a growing need to better integrate climate policy and action in the overall government portfolio, some countries have created DCFs with hope that their intervention will help the countries and their different stakeholders to set national priorities and implement them with international and national sources of finance for climate change. Importantly, DCFs often lessen the divide between mitigation and adaptation, and instead support greater green growth and climate resilience objectives.

This chapter takes a deeper look at ***DCFs in four African countries: FONERWA in Rwanda, FNE in Benin, CRGE-Facility in Ethiopia and the Green Fund in South Africa***.[16] It was found that the four domestic fund models in Rwanda, Benin, Ethiopia and South Africa do not focus only on adaptation policies. Rather, they centre around the vision of a green economy and highlight a strong development relevance. Often, they are supported by a national vision endorsed at high political level on elements of achieving economic development and a healthy status of different natural resources. In terms of securing funding for green policy initiatives, both domestic and international sources have a role to play. Benin and South Africa, for instance, have both channeled national resources but have not yet successfully managed to tap into international climate finance flows. Ethiopia and Rwanda, however, are examples where international climate finance (predominantly bilateral) has been disbursed. Benin is remarkable in earmarking a national tax for funding environmental programmes. Also, the newly created DCFs often emerged from previously established environmental funds with a subsequent change in mandate to accommodate climate change considerations.

In terms of ***policy guidance***, leadership of the institution often lies with the Ministry of Environment. All researched domestic fund arrangements included strong elements of inter-ministerial coordination in governance arrangements. In some cases, the fund is directly connected to general national governance arrangements on climate change, eg, a national committee on climate change. In terms of vertical integration, however, there seems to be no concerned effort by the four domestic funds to integrate fund operations towards municipal and local levels. Governance arrangements mostly represent considerations of horizontal integration between different line ministries. There are different levels of stakeholder participation in the four examples, with CSO representatives present, for instance, on the governing board or the management committee of the funds. The application of social and environmental safeguards is not clear in all funds. In the case of South Africa the system relies on the safeguards applied by the host institution of the fund, the DBSA. This is similar for the grievance system. In terms of grievance system more generally, there is room for improvement, with it not being communicated as one of the core features of the fund. Different models exist in terms of finance disbursement, including both active and passive calls for proposals. Often, portfolio allocation according to themes, were applied. Financial management differs between the funds. While Ethiopia, Rwanda and Benin operate grants-based only South Africa

As ***soft factors for successful establishment*** we could identify e.g. (a) the presence of anti-corruption policies; (b) a cross-sectoral nature of a domestic fund as well as the inclusion of a range of government stakeholder inputs in the design of operational modalities; (c) operational arrangements that have already, and will continue to be, subject to continual review and revision, to ensure they align fully with evolving circumstances and needs; (d) the considerable appetite by

[16] FONERWA – Rwanda (Environment and Climate Change Fund Rwanda), FNE-Benin (National Fund for Environment. French acronym for: Fonds National pour l'Environnement), CRGE – Facility Ethiopia (Climate Resilient Green Economy Facility, Ethiopia), Green Fund – South Africa

the government to change and innovate to take advantage of new funding opportunities, reflecting the transformative ambition of the domestic fund; (e) the establishment of domestic fund units within the existing structures of line ministries; (f) the use of the existing public financial management system, which is cost effective; (g) high-level buy-in (especially the Prime Minister's engagement regarding climate change); (h) the quick capitalization of the fund by developing partners.

In addition, we aim to highlight ***elements that are specific to the DCF***, yet which allow for wider conclusions in the discussions around domestic funds. For Ethiopia, we highlight the DCF and its impact on mainstreaming the climate change imperative into the development agenda. South Africa has the only domestic fund that owns blending abilities, which require different, more complex and specified financial capacities – that is, banking functions – therefore restricting the type of institutions at national level that can be involved. Benin should be explored in terms of its funding mobilisation through a national eco-tax. And in Rwanda, finally, we highlight the institutional arrangement between MINIRENA, REMA and FONERWA allowing close cooperation and the support of the national NIE by the fund.

What is next for direct access?

In this chapter, a closer look is taken at the lessons that can be learned from the AF pioneering experience with direct access for the elaboration of the access modalities and the accreditation process of the GCF as they are finalized. Over its last several meetings, the GCF Board has made significant progress in defining its accreditation framework and initial environmental and social safeguards (ESS) and elaborating fiduciary principles for GCF-accredited institutions as well as an approach that will differentiate accreditation procedures based on the risk, scale, complexity and financial nature of the projects and programmes to be implemented by each respective accredited organization (the 'Fit-for-purpose' accreditation approach). The GCF Board has also started to discuss the possible modalities that would further enhance direct access and is preparing a pilot phase for such modalities. It has also defined how country ownership, a guiding principle for the GCF, can be operationalised, including through the provision of readiness and preparatory support to enable direct access of countries to the Fund and in support of National Designated Authorities (NDAs) or focal points. These most recent decisions are observed and their implications for the ability of African NIEs to take on a strong implementing role for the GCF are analysed, through which discussion of challenges and recommendations for strengthening their involvement in both the AF and GCF contexts are presented.

The report found that the GCF could learn the following three points from the AF:

1) The accreditation process: In summary, the guiding principles for the GCF accreditation process stress the dynamic nature and continued update of its standards and safeguards based on international best practices which are evolving and on accountability, transparency, fairness and professionalism. It aims to balance reliability and credibility and robustness of its standards while retaining flexibility to accommodate different institutional capacities and national realities. These principles – while short of implementation experience – in theory address many of the concerns raised in the research for this paper. For instance, the GCF in its Barbados decision on the accreditation framework components acknowledged the severity of the language barrier for countries where English is not an official language. The Board therefore requested the GCF secretariat to work on a way to allow for the submission of applications in other United Nations official languages with due consideration of implications in terms of cost and complexity.[17] This rule to address the language barrier should not only apply to the accreditation process, but such a level of flexibility should also be granted for the submission of project and programme proposals, particularly by national and sub-national implementing entities. At this stage, in which decisions are still largely on the conceptual level but have not yet been implemented, it is difficult to assess the

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[17] Decision B.08/06. In: GCF 2014: Application Documents for Submissions of Applications for Accreditation, para (c).

extent to which the GCF accreditation framework will be able to overcome some of the identified shortcomings from the AF experience and which new GCF-specific obstacles might become apparent. The good intentions by the GCF to accommodate in its framework for accreditation the realities in developing countries as well as the lessons learnt from other funds by giving due attention to the capacity constraints in developing countries are apparent. The accreditation-focused component of the GCF readiness programme, the 'Fit-for-purpose' approach, in combination with a scaled-risk programme and project categorization and a fast-track accreditation mandate are illustrative attempts to address this. At this stage of the process, all of the implications of the accreditation decisions of the 8th Board meeting of the GCF cannot be considered in full detail due to a lack of detailed decision documentation (specifically, the annexes to the decisions, which include the operational part of the Board's decisions, were not yet available as of mid-November). As the GCF is also not yet fully operational an analysis of the implementation of the accreditation process will have to wait.

However, it is to be expected that the challenges African NIEs have faced with their accreditation to the AF could be repeated for new domestic African entities looking to work with the GCF. As the research and analysis on the experiences of the African NIEs to the AF has shown, there is no single template for successful accreditation. Self-assessment tools should be made available to give interested entities a good first estimation of their respective strengths and weaknesses, and to gauge the prospect of accreditation success as well as help with expectation management. Learning from the AF experience, the GCF Secretariat should thus focus particular attention on the development of such a self-assessment tool as part of a broader accreditation tool-kit, which should provide step-by-step guidance to countries on how to find the right institutions. In contrast to the AF, where developing countries generally accredit only one institution (given the reality of the AF country cap of US$ 10 million), the GCF (with an expected significant initial funding endowment) will allow a single country to accredit a range of institutions and entities from both the public and the private sector, in line with the 'Fit-for-purpose' approach for a vast variety of activities and implementation approaches.

2) Country ownership: Based on the findings of the NIE research, it is now important to highlight the critical role the NDA (Nationally Designated Authority) will have in the selection of national and sub-national implementing entities and intermediaries to be accredited. However, the selection of candidates should be based on technical experience, implementation track record in climate-relevant sectors and activity areas under consideration of GCF requirements for fiduciary standards and ESS, and not be politically motivated. Accredited NIEs should also be committed, once accredited, to strive to expand their areas of expertise and the range and scale of their project and programme implementation, so as to better respond to their country's needs. Besides the role of the NDA or the focal point in serving as the liaison for a recipient country's communication with the Board and the Secretariat, and of acting as an authoritative interface that can ensure country ownership of projects and programmes to be funded by the Fund through the implementation of the no-objection procedure, NDAs and focal point in the GCF are providing another important role in domestic country coordination and multi-stakeholder engagement efforts. The GCF Board meeting in Barbados in October 2014 endorsed initial best-practice options and noted that specific guidance on multi-stakeholder engagement in the context of the development of funding proposals is also included and addressed in the Fund's ESS.[18] The NDA should play a pivotal role in coordinating priorities and activities in the country and facilitating convergence towards those priorities in a very consultative manner. Country coordination and multi-stakeholder engagement is relevant at two different but complementary levels: (a) at the level of strategic frameworks, national priorities, plans and strategies; and (b) for the country-owned development of funding pro-

[18] GCF Decision B.08/10.

posals.[19] Drawing on the experience from the Adaptation Fund (as described in earlier chapters of this study), the role of NDAs – as seen in the case of Benin – can be catalytic in advancing the country's perception about and engagement level with any fund and play a key role throughout the accreditation process of national and sub-national implementing entities and intermediaries. Although it is at the discretion of the recipient country to decide on the institutional nature of the NDA or the focal point and the level of involvement of multi-stakeholders in country coordination efforts, it is important to institutionalize the role played by the NDA or the focal point regardless of the nature of the ministry or institution they may emanate from. In addition, it is also critical for smooth implementation and achievement of tangible impacts on the ground to have a multi-stakeholder representation in the NDA endowed with the necessary right to influence the process. This is the critical finding of this NIE study: the deeper and more comprehensive and meaningful the consultative process is, the smoother the subsequent implementation processes will be within the countries, as a level of country ownership which extends beyond the government is established as a best national practice at the very beginning of a recipient country's engagement with the respective fund.

3) Stakeholder consultation: The experience from the AF has highlighted the critical importance of consulting all relevant stakeholders in order to ensure sustainability, ownership of the project and implementation by those the project aims to target, particularly vulnerable groups and gender considerations. Consultation of often marginalized vulnerable people, including women, may show appropriate strategies address specific needs and achieve necessary outcomes. Consultation improves the effectiveness and efficiency of project preparation and implementation by preventing timely project adjustment, raising awareness and increasing the participation and involvement of all relevant members of society in the project, sharing experiences and knowledge which often help reduce implementation costs and improving project performance and impact.

While in the GCF, as in the AF, a NDA is in the driver seat to determine which national implementing entity is to be accredited or which project proposals is to be submitted, it is clear from the AF experience that in order to address the broader needs of a country and advance its strategic planning, the engagement of a multitude of stakeholders is required. Such engagement should bring together an inter-ministerial working group with a national committee on climate change, the private sector, and representatives of NGOs and key civil society groups, paying particular attention to the gender-sensitive involvement of women and vulnerable groups, including indigenous peoples.

Although the AF's strategic priority gives special attention to the most vulnerable group and gender, the AFB Secretariat has not developed any specific consultation guidelines. There is also no guidance for ongoing or continuous consultation throughout the project or programme cycle including in the form of participatory monitoring during project or programme implementation. Rather, the AF requests meaningful, inclusive and participative stakeholder consultation only in the context of the formulation of project/programme proposals. In contrast, the GCF Governing Instrument explicitly encourages the role of participatory monitoring involving stakeholders as part of it monitoring and results measurement approach (para. 57). In its best-practice options endorsed at its 8th meeting in Barbados, the Board acknowledges this by suggesting that country coordination mechanisms and multi-stakeholder engagement may support the on-going monitoring and evaluation of the Fund's projects and programmes throughout various stages of the project cycle.[20] A further development of the initial proposal approval process in the Fund, particularly with respect to post-approval implementation, should pay particular attention to this aspect of GCF stakeholder input and participation.

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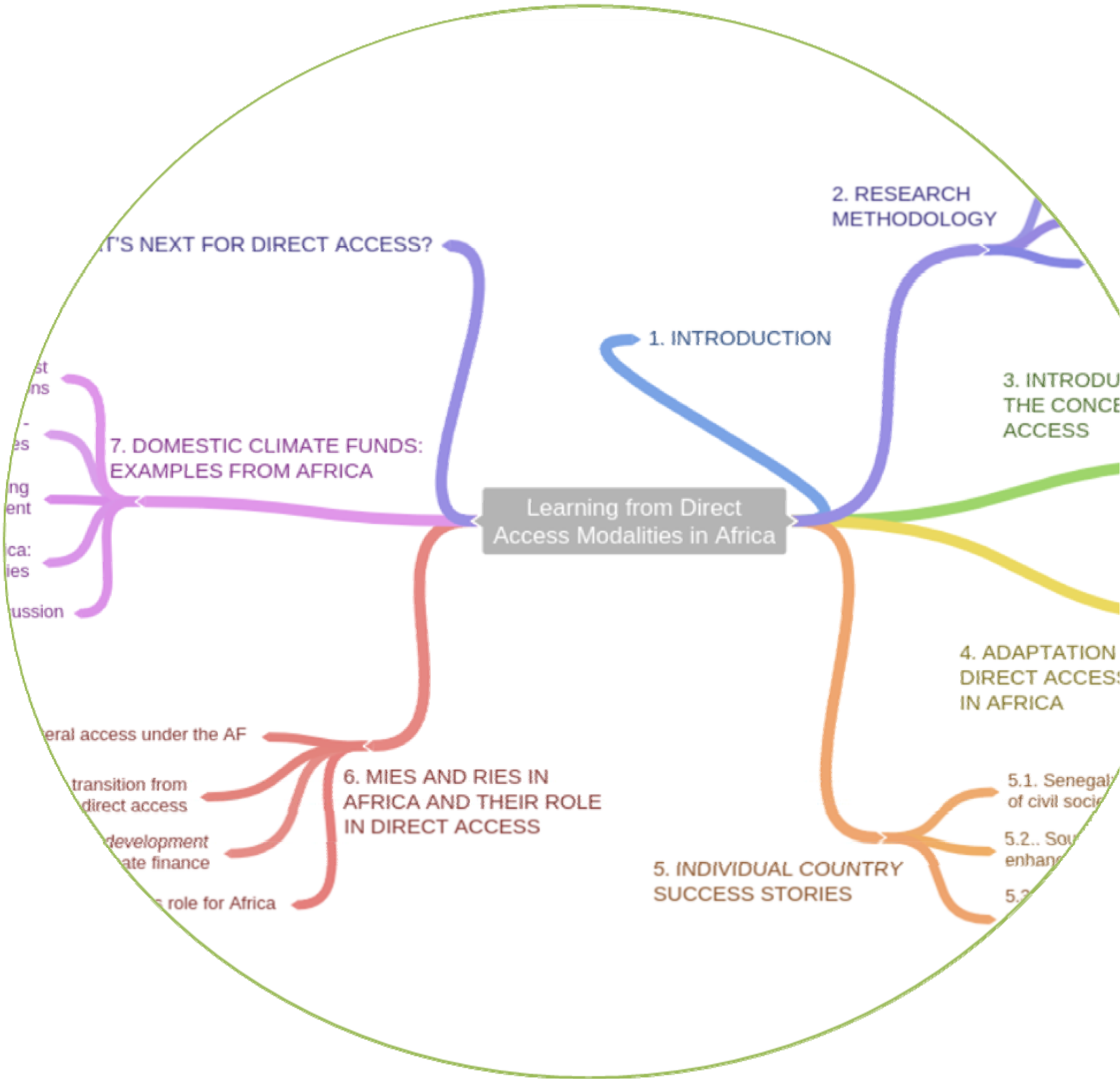
[19] GCF 2014: Investment Framework, p.5.

[20] Ibid.

1. Chapter: Introduction



1. Chapter: Introduction

In the climate finance arena, the Adaptation Fund (AF) has pioneered direct access - an access modality that allows developing countries to receive funds for project and programme implementation directly without going through an intermediary. The international accreditation in 2010 of the Centre de Suivi Ecologique (CSE) in Senegal marked a milestone for the debate on channelling climate finance. The accreditation and subsequent approval of the first direct access project in a least developed country (LDC) in Africa – which Senegal is – offered a new narrative, which assumes that some national structures, even in poor countries, have the capacity to meet international best practice standards in managing funds and are able to submit tangible projects in the adaptation field.

To date, a number of national implementing entities (NIEs) in Africa have commenced the process of programming direct access funding domestically; moreover domestic climate funds (DCFs) in several African countries are similarly grappling with this challenge. These combined experiences provide rich lessons, useful for a decisive phase in the global climate finance architecture - determining how the provision of innovative financing mechanisms and direct access funding instruments will work in practice and allowing inferences about how direct access can be programmed more broadly.

The lessons learnt regarding challenges and enabling factors during accreditation, project development and approval, as well as project implementation can be used to strengthen support processes for the accreditation of future NIEs to the AF and also to the Green Climate Fund (GCF). This is increasingly relevant as the AF continues to operate and constantly expands its African portfolio, while the Green Climate Fund (GCF) is now close to funding operations with the aim to initiate a paradigm shift in climate policy. It is to be expected that such a paradigm shift will 1. need to work on the basis of state of the art in devising climate finance pathways, and 2. constantly try to advance the way funding is spent. A first step regarding this advancement of the international climate landscape to the next level of responsibility is already taken on the level of the AF - during its 24th meeting the Fund approved an enhanced direct access project for South Africa's NIE (SANBI)[21].

The aim of this report is to support the debates in climate finance – from the AF to the GCF – by providing insights into the processes of programming climate finance domestically for 6 NIEs (NEMA-Kenya, SANBI-South Africa, CSE-Senegal, MINIRENA-Rwanda, ADA-Morocco and FNE-Benin)[22], 2 MIEs (UNEP in Tanzania, AfDB with its head office in Tunisia)[23] and 2 RIEs (OSS and BOAD)[24] in Africa, as well as 4 domestic climate funds (FONERWA in Rwanda, the CRGE Facility in Ethiopia, the FNE in Benin and the Green Climate Fund in South Africa)[25].

[21] See: AFB 2014: Decisions of the twenty-forth meeting of the Adaptation Fund Board.

[22] NEMA-Kenya (National Environment Management Authority Kenya), SANBI-South Africa (South African National Biodiversity Institute), CSE-Senegal (Centre for Ecology. French acronym for: Centre de Suivi Ecologique), MINIRENA – Rwanda (Ministry of Natural Resources Rwanda), ADA – Morocco (Agency for Agricultural Development. French acronyme for: Agence pour le Developpement Agricole), FNE-Benin (National Fund for Environment. French acronym for: Fonds National pour l'Environnement).

[23] UNEP (United Nations Environment Programme) in Tanzania, the only African country in the AF-Network that implements an MIE project and the AfDB (African Development Bank) with its head office in Tunisia

[24] OSS (Sahara and Sahel Observatory. French acronym for: L'Observatoire du Sahara et du Sahel with its head office in Tunisia), BOAD (West African Development Bank. French acronym for: Banque Ouest Africaine de Développement with its head office in Togo).

[25] FONERWA – Rwanda (Environment and Climate Change Fund Rwanda), FNE-Benin (National Fund for Environment. French acronym for: Fonds National pour l'Environnement), CRGE – Facility Ethiopia (Climate Resilient Green Economy Facility, Ethiopia), Green Fund – South Africa.

The main objectives of the research for this report were to:

- provide major input into the understanding of challenges, enabling factors and benefits related to direct access to the AF (from accreditation, project development and project implementation) as well as document the different ways in which stakeholders, especially vulnerable communities, have participated in the direct access process;
- synthesise success stories for climate-compatible development from the African accreditation processes broader than the immediate lessons for the AF;
- assess the interplay between different AF access pathways in relation to direct access;
- examine examples of DCFs, increasingly relevant conduit for climate finance and leadership, and explore their characteristics, and
- analyse the lessons that can be learned from the AF pioneering experience with direct access for the elaboration of the access modalities and the accreditation process of the GCF.

The report is structured as follows. First, we explain our research methods and elaborate on the empirical approach taken in the subsequent chapters. We then explore the literature on direct access, especially with regard to climate finance. Subsequently, we present insights from our interviewees on the challenges, enabling factors and benefits related to direct access to the AF (from accreditation, project development and project implementation) as well as the different ways in which stakeholders, especially vulnerable communities, have participated in the direct access process. Chapter 5 looks at the success of three African countries in implementing direct access to the AF, namely Senegal, South Africa and Rwanda. Chapter 6 elaborates on the interplay between different AF access pathways in relation to direct access. In Chapter 7 we turn to DCFs that are an increasingly relevant conduit for climate finance and leadership. In Chapter 8 we take a closer look at the lessons that can be learned from the AF pioneering experience with direct access for the elaboration of the access modalities and the accreditation process of the GCF as they are finalized. Because of the variety of target groups for the different messages (ranging from national to international decision-makers), we have set out specific recommendations, conclusions and lessons learned in each chapter, rather than a composite list at the end. Figure 1 is a mind-map of the report's structure.

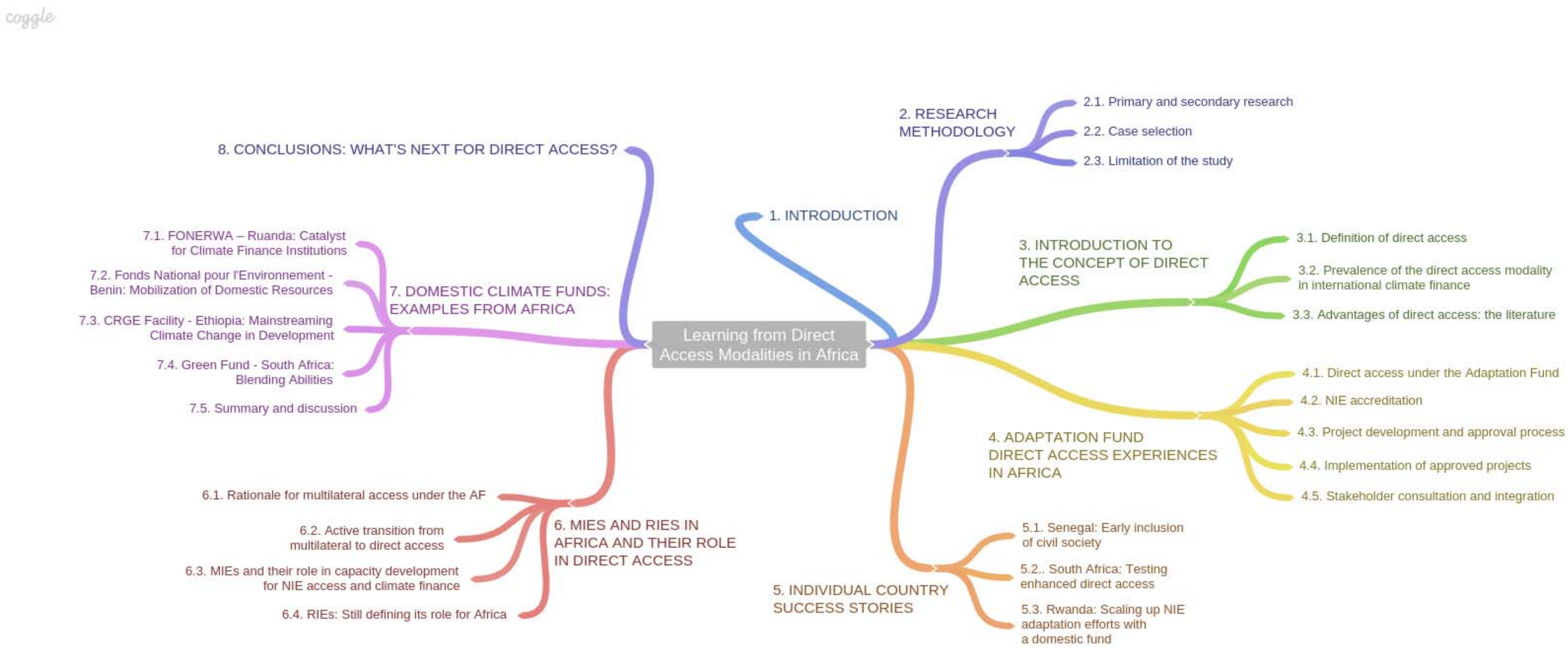
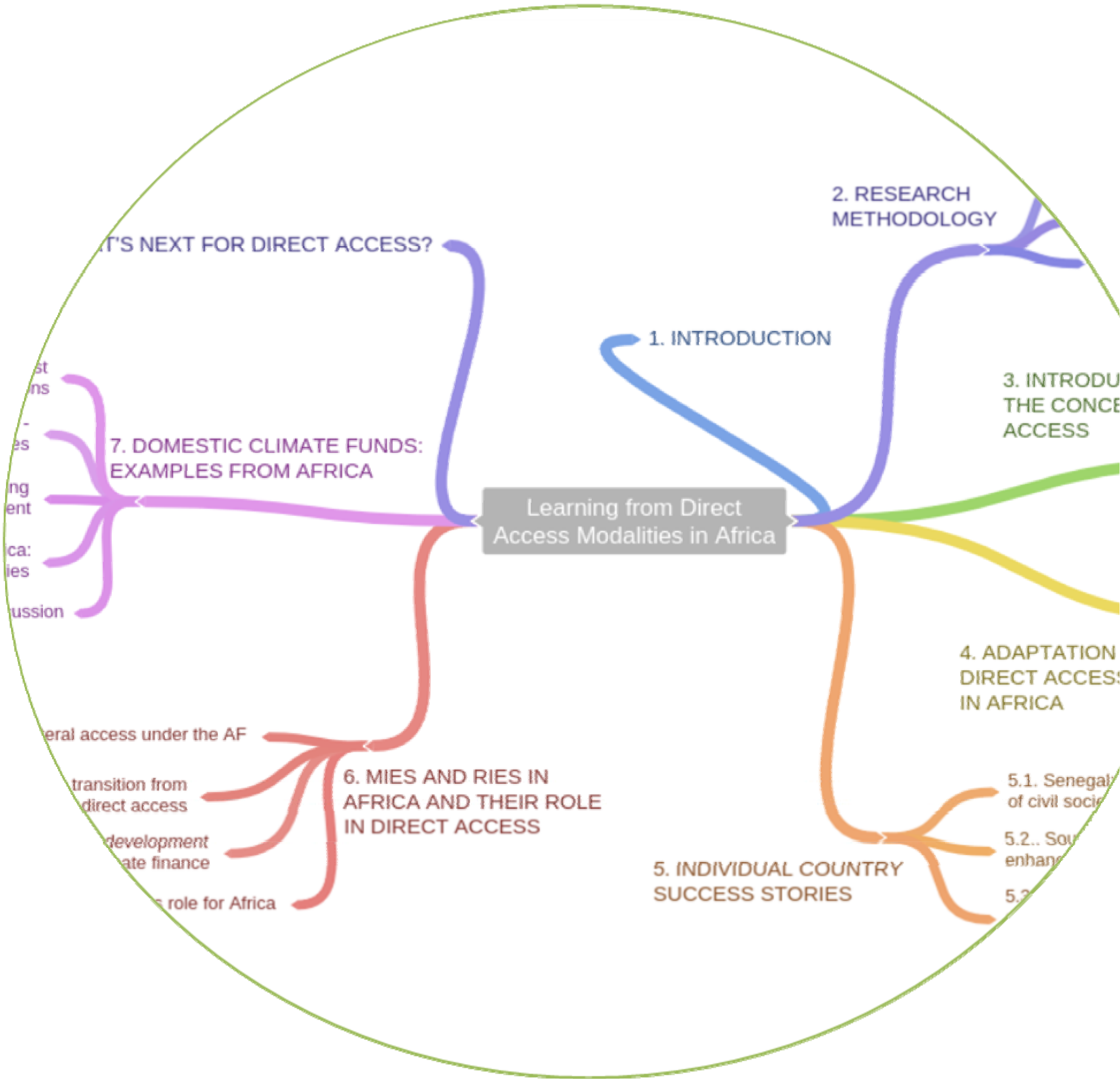


Figure 1: Mind-map of report structure

2. Chapter: Research methodology



2. Chapter: Research methodology

2.1 Primary and secondary research

In order to learn from the experiences of implementing entities (IEs) and DCFs, the research applied a mix of qualitative scientific methods, mainly using interviews as a research tool. In a first step, we conducted desk research on direct access. This was followed by expert interviews with the AFB Secretariat to identify challenges, gaps, impediments and expectations from the Accreditation Panel to the applicants, as well as challenges that accreditation applicants, particularly from Africa, encounter throughout the accreditation process. This contributed to the development of a guiding questionnaire. This questionnaire was tested on 5–6 May 2014 during a mission in Benin and was later used during the in-country research to conduct in-depth structured interviews. Interviews were conducted by national partner organisations (African members of the AF NGO-Network (AFN-Network)[26]), or by Germanwatch itself. The process helped collect the views of relevant actors (representatives of the respective IE and designated authorities (DAs), environment and finance ministries, and civil society and other stakeholders in the project area) on challenges and best practice regarding all aspects of IE accreditation, project design and implementation. Table 1 provides an overview of interviewed actors in each country.

Table 1: Interviewed stakeholders in the different countries

Country	Implementing entity	Domestic fund	Ministry of the Environment	Ministry of Finance	Stakeholders in project area	DA/Focal point	Executing entity	Civil society
Benin(NIE, domestic fund)	x	x	x		x	x		
Ethiopia (domestic fund)		x		x				
Kenya (NIE)	x		x	x				x
Morocco(NIE)	x		x			x		
Rwanda(NIE, domestic fund)	x	x						
Senegal (NIE)	x		x		x	x	x	x
South Africa(NIE, domestic fund)	x	x		x	x		x	x
Tanzania (MIE)	x		x	x	x	x		x

[26] The Adaptation Fund NGO Network is a coalition of non-governmental organisations (NGOs) and interested stakeholders following the development of the AF and its funded projects. The Network strives for a sustainable dynamic influence on politics and the engagement of civil society. It is hopeful of contributing to a successful implementation of AF-funded projects in developing countries, for the benefit of those people and communities particularly vulnerable to climate change. For more information, see www.af-network.org.

Initial results were presented at a workshop in Nairobi to representatives from NIEs, multilateral agencies, domestic funds, the AF, national decision-makers and other experts. During the "Africa NIEs workshop"[27], a 3-day open dialogue for African NIEs of the UNFCCC Adaptation, one-on-one meetings took place to explore further insights and to schedule follow-up interviews. To better learn from existing domestic funds, a consultant was contracted to further develop the story around the South Africa and Ethiopia domestic funds.

Table 2: Primary researchers for the different countries

Country	Subject	Primary research	Type of institution
Benin	AF NIE	Germanwatch, Alpha Kaloga (kaloga@germanwatch.org)	AF NGO Partner
Benin	Domestic Fund	Germanwatch, Alpha Kaloga (kaloga@germanwatch.org)	AF NGO Partner
Ethiopia	Domestic Fund	Michael Jennings (spikejennings@gmail.com)	Independent
Kenya	AF NIE	Practical Action, Willie Tuimising (tuimisingwillie@gmail.com)	AF NGO Partner
Morocco	AF NIE	Saïd Chakri (said.chakri1@gmail.com)	Independent
Rwanda	AF NIE	Indigo, Bettina Koelle (bettina@indigo-dc.org)	AF NGO Partner
Rwanda	Domestic Fund	Germanwatch, Laura Schäfer (schaefer@germanwatch.org)	AF NGO Partner
Senegal	AF NIE	ENDA, Emmanuel Seck (ssombel@yahoo.fr)	AF NGO Partner
South Africa	AF NIE	Indigo, Bettina Koelle (bettina@indigo-dc.org)	AF NGO Partner
South Africa	Domestic Fund	Michael Jennings (spikejennings@gmail.com)	Independent
Tanzania	AF MIE project	Forum CC, Fazal Issa (fazal_issa@yahoo.com)	AF NGO Partner

Not bound to a country and hence not represented in the tables above are the RIEs (West African Development Bank and Sahara and Sahel Observatory) as well as one MIE (African Development Bank). Interviews were conducted with key representatives of these organisations via skype, telephone or e-mail.

[27] From 1st to 4th July, the "Africa NIEs workshop" brought together accredited implementing entities of the UNFCCC Adaptation Fund, African institutions that wish to gain accreditation from the Adaptation Fund Board as well as Multilateral and Regional Implementing Entities and domestic funds in Nairobi to provide a space to discuss common obstacles that African National/ Multilateral/ and Regional Implementing Entities face during the accreditation process, execution of projects, as well as the opportunities, strategies and insights for effective utilization of funds disbursed from the AF.

2.2 Case selection

The research aimed to provide insights into the implementation of adaptation projects, as well as preparation for six NIEs:

- **NEMA-Kenya** (National Environment Management Authority Kenya)
- **SANBI-South Africa** (South African National Biodiversity Institute)
- **CSE-Senegal** (Centre for Ecology. French acronym for: Centre de Suivi Ecologique)
- **MINIRENA – Rwanda** (Ministry of Natural Resources Rwanda)
- **ADA – Morocco** (Agency for Agricultural Development. French acronym for: Agence pour le Developpement Agricole)
- **FNE-Benin** (National Fund for Environment. French acronym for: Fonds National pour l'Environnement)

In addition, two MIEs were analyzed:

- **UNEP** (United Nations Environment Programme) in Tanzania, the only African country in the AF-Network that implements an MIE project and
- the **AfDB** (African Development Bank) with its head office in Tunisia

As were two RIEs:

- **OSS** (Sahara and Sahel Observatory. French acronym for: L'Observatoire du Sahara et du Sahel with its head office in Tunisia)
- **BOAD** (West African Development Bank. French acronym for: Banque Ouest Africaine de Développement with its head office in Togo)

As were three DCFs:

- **FONERWA – Rwanda** (Environment and Climate Change Fund Rwanda)
- **CRGE – Facility Ethiopia** (Climate Resilient Green Economy Facility, Ethiopia)
- **Green Fund – South Africa**

Figure 2 depicts the analysed IEs and DCFs.

2.3 Limitations of the study

The study and its methods should be treated as points of departure for further research into direct access. This research report is based mainly on interviews, a research tools which has several limitations, such as:

- reactive effects may occur (eg, interviewees may try to show only what is socially desirable);
- investigator effects may occur (eg, mutual trust is needed, especially regarding confidential information; personal biases between interviewer and interviewee are possible);
- relevant interviewees may not always be available; and,
- interviewees may not recall important processes.

In addition, the only feasible way to gather national insights was for national partners to conduct the interviews. The interviews had to be conducted in a relatively short space of time in May 2014 in order to have our preliminary insights for the workshop in July 2014. This meant that an additional level of interview transcription occurred in compiling this report.

Another major challenge was that interviewees asked for their responses to be treated anonymously, especially in relation to the problems and challenges of NIEs. To honour this request, we refrained from assigning statements to individuals. Statements may therefore reflect individual experiences and should not be generalized.

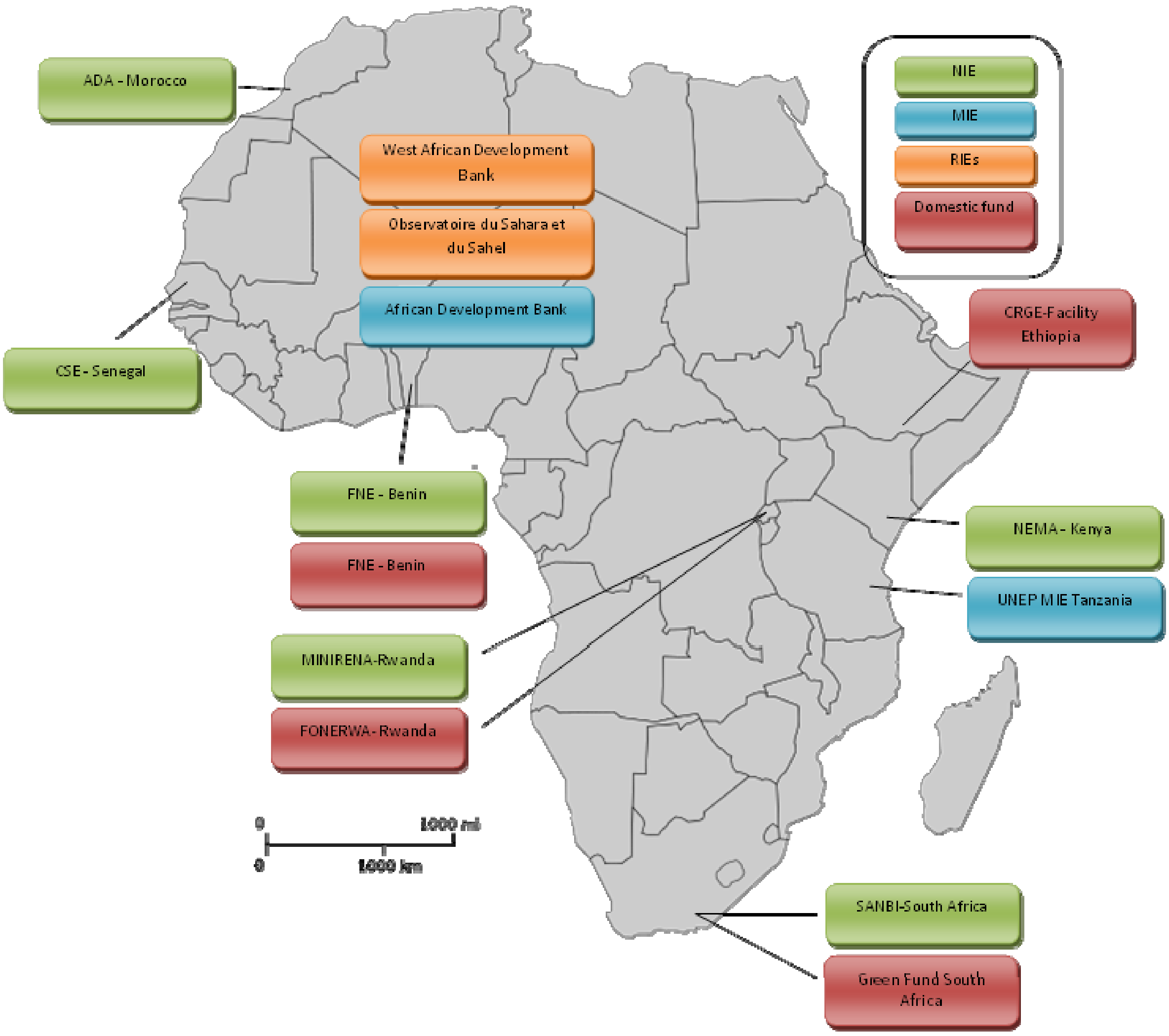
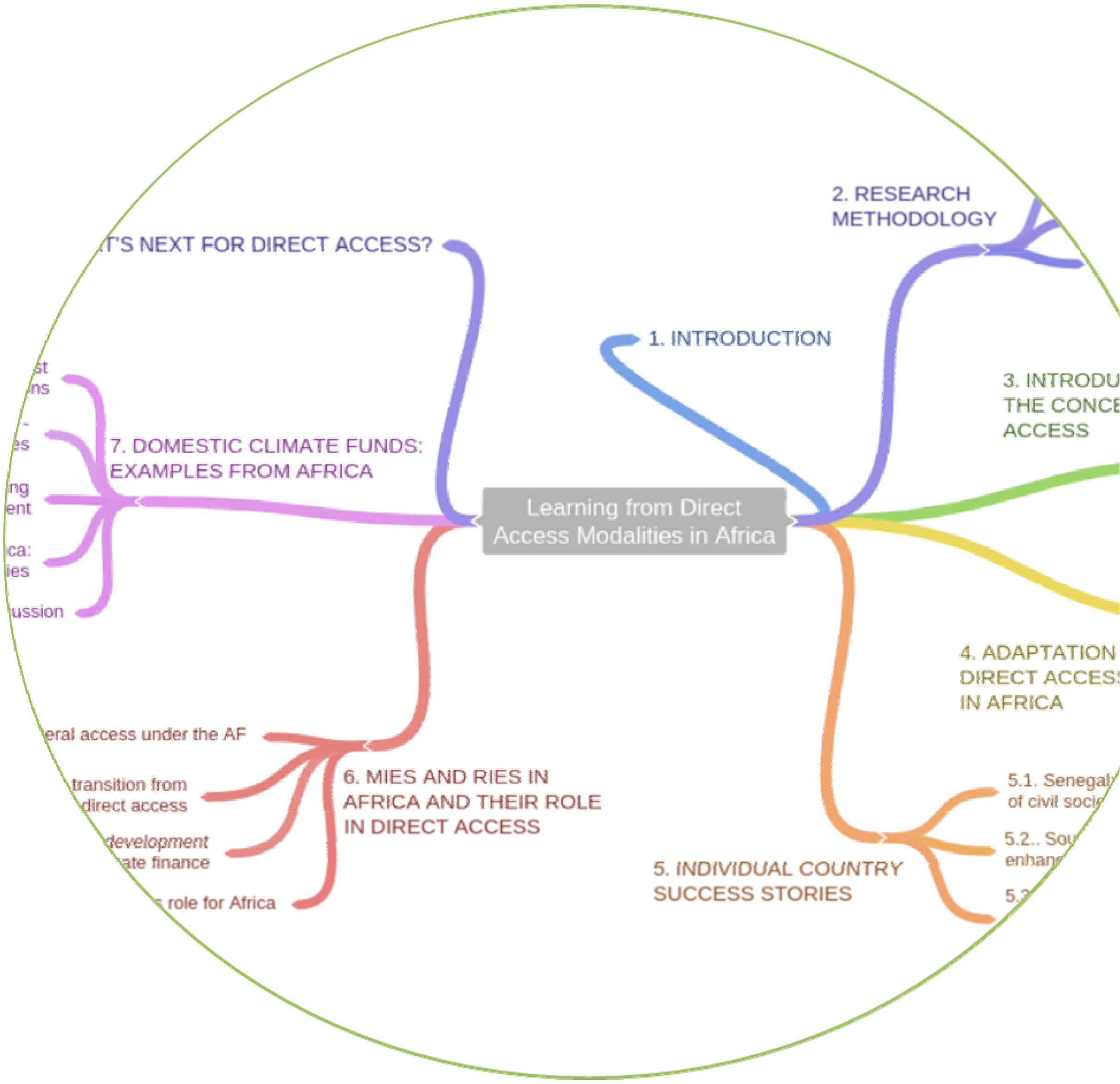


Figure 2: Overview of analysed IEs and DCFs

3. Chapter: Introduction to the concept of direct access in climate finance



3. Chapter: Introduction to the concept of direct access in climate finance

3.1 Definition of direct access

Broadly speaking, 'direct access' in climate finance refers to the ability of a domestic implementing agency or entity to receive payments directly for project and programme implementation without going through an intermediary.[28] To some extent, direct access aims to simplify and accelerate the process by which resources for adaptation flow to developing countries.[29] It empowers the recipients of climate finance by enabling them to exercise some control over aspects of project selection and management, including financial administration. This is in line with the Paris Declaration on Aid Effectiveness, which represents a paradigm shift towards using country systems instead of parallel donor systems.[30]

There is no formal, fixed definition of direct access.[31] According to the United Nations Development Programme (UNDP) and the Overseas Development Institute (ODI), "direct access in the field of climate change is widely understood as a short-hand term for developing countries directly accessing international public financing in order to implement national and local actions to address climate change. Direct access implies that the facilitation and project management function played by multilateral, international, and bilateral entities is not used to access international public finance, and instead this function is taken on by a national entity".[32]

Table 3: Terminology of different access pathways

Term	Description
Direct access (ordinary)	Access to international climate finance through domestic institution with project management and oversight function
Direct access (enhanced)	Access to international climate finance through domestic institution with project management, oversight function and part of the funding decision-making
Internationally intermediated access	Access to international climate finance through multilateral, regional or foreign institution

(Author compilation)

Different interpretations of direct access are adopted by funds that have operationalised the concept, such as the AF. The formal decision to establish the AF, taken at the Third Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC), allows for direct access.[33] It notes that: "Eligible parties shall be able to submit their project proposals directly to the Adaptation Fund Board (AFB) and implementing or executing entities chosen by governments that are able to implement the projects funded by the Adaptation Fund may also

[28] IGES 2011: Access modalities for the Green Climate Fund: Lessons from the existing financial mechanisms.
[29] Chandani, A./Harmeling, S./Kaloga, A. O. 2009: The Adaptation Fund: a model for the future?
[30] USAID/ ADAPT Asia-Pacific 2013: Understanding the Green Climate Fund: Implications for the evolving architecture of direct access to climate finance.
[31] UNDP/ ODI 2011: Direct access to climate finance: Experiences and lessons learned; IGES 2011: Access modalities for the Green Climate Fund: Lessons from the existing financial mechanisms.
[32] UNDP/ ODI 2011: Direct access to climate finance: Experiences and lessons learned.
[33] Paragraph 29, Decision 1/CMP.3 in: UNFCCC 2007: Report of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on its third session, held in Bali from 3 to 15 December 2007.

approach the AFB directly".[34] The debate on the implementation of direct access modality has evolved in the last years and has led to a questioning of the extent to which direct access could be further advanced by, for instance, devolving it to local level. For instance, a distinction is made in the literature between ordinary direct access and enhanced direct access.[35]

Ordinary direct access is where only the fund oversight and management function remains at international level and both fund implementation and execution are delegated to national level, usually to a national entity. The AF transfers money to the national entity, and the latter is then responsible for its administration while still reporting to the global fund. Project proposals are submitted to and adjudicated by the international fund.[36]

Enhanced direct access is where all three functions – oversight and management, implementation, and execution – are delegated by the international fund to the national level. Funds are held and disbursed by a national entity, and project proposals are submitted to and adjudicated by the national entity. The key difference, however, between ordinary and enhanced direct access is that funding decisions are devolved to the national level as well. A country allocation or clearing house mechanism operates at the international level to allocate the internationally sourced funding to individual countries.[37] The difference between enhanced access and ordinary access is not confined to direct access alone; in fact, it has been argued that both international access and direct access can be characterised as either category.[38]

However, in summarising the literature it should be noted that there do not appear to be any examples of enhanced direct access on the ground so far, as most efforts seem to have been channelled into facilitating ordinary direct access.[39]

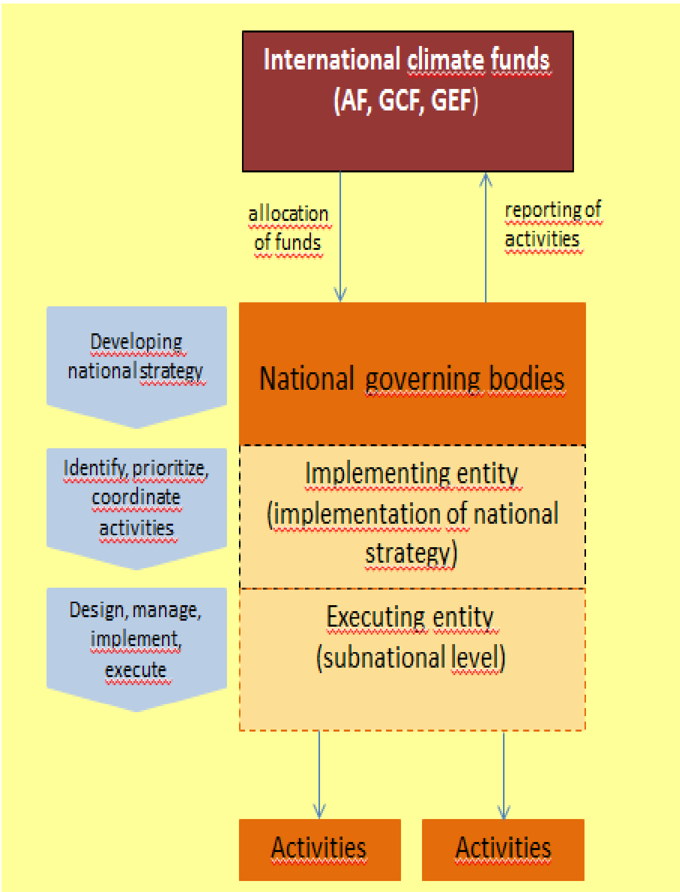


Figure 3: Direct access
(adapted from CDKN 2013: Enhancing direct access to the Green Climate Fund)

[34] Ibid.
[35] CDKN 2013: Enhancing direct access to the Green Climate Fund.
[36] UNDP/ODI 2011: Direct access to climate finance: Experiences and lessons learned.
[37] Ibid.
[38] Müller, B. 2013: Enhanced (direct) access through (national) funding entities – etymology and examples.
[39] UNDP/ODI 2011: Direct access to climate finance: Experiences and lessons learned.

International climate finance is overwhelmingly delivered through the multilateral access pathway. Although the term ‘multilateral access’ has been coined in literature as the opposite of ‘direct access’,[40] we find it ill-defined for the purpose of this study. Not all non-direct access projects are implemented by multilateral institutions. Therefore, in this study we use the term ‘internationally intermediated access’ to describe different ways of accessing international climate finance through non-domestic funding or implementing entities.[41] Analogies for internationally intermediated access are international access, traditional access, or classic access.

3.2 Prevalence of the direct access modality in international climate finance

Direct access to climate finance takes place at the international level through multilateral funds, and at national level through national funding entities (national climate funds). However, direct access is the exception rather than the rule in international climate finance.[42]

3.2.1 Direct access and multilateral funds in climate finance

The AF, the Global Environmental Facility (GEF) and, very soon, the GCF are the main multilateral funds that offers a direct access modality to recipient countries for climate change project and programme funding. Currently only the AF offers funding for direct access projects/programmes. The GCF has just started the accreditation process and the GEF has yet to call for proposals for its newly accredited national entity (only one so far).

The AF, as an instrument of the Kyoto Protocol, is one of three financial mechanisms that support adaptation in developing countries under the UNFCCC. It offers two access modalities: direct access (through accredited NIEs), and internationally intermediated access (through accredited MIEs and regional implementing entities (RIEs)). Recipient countries can choose the type of access modality they prefer. For each modality, implementing entities obtain accreditation from the AFB after demonstrating their compliance with the Board’s fiduciary standards.

The strategic priority of the fund is to finance concrete adaptation projects and programmes in developing countries. Importantly, special attention will be given to the needs of vulnerable communities.

In addition, the AF has adopted an Environmental and Social Policy (ESP), which will apply in the development of proposals as well as throughout their implementation. All accreditation applications submitted after November 2013 (approval of the ESP by the AFB) need to demonstrate their capacity and commitment to apply the Fund’s ESP. With regard to the fiduciary standards, two major amendments have been made in order to mainstream the ESP within the accreditation requirements. For instance, with respect to the requisite institutional capacity, accreditation applicants should prove they have the ability to identify, formulate and appraise projects, including the identification and assessment of a project’s environmental and social risks and the adoption

[40] CDKN 2013: Enhancing direct access to the Green Climate Fund.

[41] Adaptation Fund NGO Network 2012: Independent insights from vulnerable developing countries.

[42] USAID/ADAPT Asia-Pacific 2013: Understanding the Green Climate Fund: Implications for the evolving architecture of direct access to climate finance.

of measures to address those risks.[43] Until the adoption of the AF's Environment and Social Policy, the assessment of environmental and social impacts was conducted at the project level.

The current difficulty for the AF is its financial constraints. Originally, its source of finance was a 2% levy on Certified Emission Reductions (CERs) from the Clean Development Mechanism (CDM), which was intended to provide a more 'predictable' source of finance than continued dependence on voluntary contributions. However, falling carbon prices make the Fund increasingly dependent on voluntary contributions from donor countries. During the 19th Conference of the Parties to the UNFCCC (COP 19) in Warsaw, the AF received significant attention from the international community and particularly from developed countries that were Parties to the Kyoto Protocol, resulting in a pledge of US$104.3m for the period 2012/13, which helped the AF to meet its fundraising target of US$100m.[44] The new fundraising target for 2014 and 2015 is US$80m per year.[45] Regrettably, as of now, not all donors have delivered on their financial pledge made in Warsaw. This resource scarcity has forced the AFB to set a cap for cumulative budget allocations for funding projects submitted by MIEs – ie, that they should not exceed 50% of the AF grant portfolio.

Established in 1991, the GEF provides funding for environmental initiatives related to climate change (mitigation and adaptation), sustainable forest management (REDD+), international waters, land degradation, chemicals, and ozone layer depletion. Until 2011, GEF's only access modality for project and programme finance was intermediated access through a prescribed set of ten accredited regional and multilateral bodies known as GEF agencies. Those include the African Development Bank (AfDB), the UNDP, and the World Bank (WB). GEF agencies are responsible for developing project proposals and for managing and implementing GEF projects.

In 2011, the GEF commenced what is known as the GEF-5 Pilot to accredit new institutions. One of the stated objectives of the pilot is to give recipient countries more choice in the agencies they work with, with the direct access modality being a priority aim. Institutions eligible to apply for accreditation include national institutions, civil society organisations, regional organisations, UN entities and other international organisations. Up to ten institutions (termed 'project agencies') will be accredited under the pilot scheme, at least five of which must be national institutions.[46] Applicants are required to go through a three-stage accreditation process. In summary, applicants should demonstrate the value they contribute to a partnership with the GEF (eg, track record with climate change adaptation or environmental projects) and should comply with GEF's minimum fiduciary standards as well as its environmental, social and gender mainstreaming safeguards.

Of the 16 applications received by the GEF in 2011 (stage one), 12 progressed to the second stage of the accreditation process in 2012, two progressed to the third and final stage in 2013 and another two in 2014. The new GEF project agencies are the World Wildlife Fund Inc and Conservation International (accepted in 2013) and the International Union for Conservation of Nature (accepted in 2014).

Two African agencies have applied for GEF accreditation: the Development Bank of Southern Africa (DBSA, a national institution) and the West African Development Bank (BOAD, French for: Banque Ouest Africaine de Développement, a regional organisation). As of May 2014, DBSA had received approval to proceed to stage three of the accreditation process, while BOAD was undergoing further review at stage two.[47]

[43] AFB 2014: Environmental & Social Policy Requirements for the Fund's Accreditation and Re-accreditation Process.
[44] AFB 2013: The Adaptation Fund Surpasses $100 Million Fundraising Target at COP19.
[45] AFB 2014: Report of the 23rd Meeting of the Adaptation Fund Board.
[46] GEF 2014: GEF progress report on the pilot accreditation of project agencies.
[47] Decision 3/CP. 17 in: UNFCCC 2011: Report of the Conference of the Parties on its seventeenth session, held in Durban from 28 November to11 December 2011.

In addition, GEF provides direct access funding for developing countries to fulfil their reporting obligations under the different environmental treaties. For the UNFCCC national communications countries, agencies can access up to US$500,000 for the formulation process.

The GCF is not an institution short of ambition or expectation. It aims to be the major multilateral funding institution for mitigation and adaptation activities in accordance with the 2° objective. Importantly, policymakers reacted and enshrined the objective of initiating a paradigm shift towards low-emission and climate-resilient development into foundation decisions.[48]

Discussions around access modalities were at the core of the debate after the 2010 decision to create the Fund, partly because countries and stakeholders felt that reaching the Fund's objective would require a high degree of country ownership, and that this should be reflected in the access modalities.[49] Table 4 shows the relevant sections of the GCF Governing Instrument on access modalities.

Table 4: GCF access modalities. COP Decision 3/CP.17.

Access modalities and accreditation in the GCF Governing Instrument	**para 45:** *"Access to Fund resources will be through national, regional and international implementing entities accredited by the Board. Recipient countries will determine the mode of access and both modalities can be used simultaneously."*
	para 46: *"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."*
Direct access	**para 47:** *"Recipient countries will nominate competent sub-national, national and regional implementing entities for accreditation to receive funding. The Board will consider additional modalities that further enhance direct access, including through funding entities with a view to enhancing country ownership of projects and programmes."*
International access	**para 48:** *"Recipient countries will also be able to access the Fund through accredited international entities, including United Nations agencies, multilateral development banks, international financial institutions and regional institutions."*
Accreditation	**para 49:** *"The Board will develop, manage and oversee an accreditation process for all implementing entities based on specific accreditation criteria that reflect the Fund's fiduciary principles and standards and environmental and social safeguards."*

Building on its successful 7th meeting in May 2014, where the GCF achieved its target of operationalising eight requirements necessary to open for business and receive donor pledges[50], the GCF Board made further progress towards concluding the Fund's operationalisation by taking important decisions at its 8th meeting in October 2014. This included, inter alia, a set of decisions in regard to the Fund's guiding framework and principles for accrediting national, regional and international implementing entities and intermediaries.

[48] Ibid.

[49] Douma, A./Franck, A. 2013: OPINION: Paradigm shift in climate finance?

[50] GCF Secretariat 2014: Green Climate Fund Board Takes Major Step Towards Initial Resource Mobilization.

In terms of accreditation, the GCF differentiates between 'implementing entities' and 'intermediaries'. The latter characterises institutions that have the ability to process concessional loans and blend them for climate protection projects. For this, at its 7th meeting, the GCF adopted initial fiduciary principles and standards that distinguish between 'basic' and 'specialised' fiduciary standards. While 'implementing entities' will have to meet the 'basic' fiduciary standards in order to receive accreditation an 'intermediary' will have to fulfil both sets of principles.[51] That said, the 'basic' fiduciary standards and guidelines are very similar to those of the AF.[52]

Besides fiduciary standards, the GCF also agreed on Environmental and Social Safeguards (ESS), which implementing entities and intermediaries must be able to apply throughout project implementation, in order to manage negative side-effects of GCF-funded interventions. At its 7th meeting, the GCF Board decided to apply ESS in the form of the International Finance Cooperation (IFC) Environmental and Social Performance Standards[53], on an interim basis, with the aim of developing the Fund's own ESS within a period of three years after the Fund's operationalisation.

The GCF allows countries to access the fund either through accredited national, regional or subnational entities. Alternatively, countries may opt for accredited international organisations – such as UN agencies, multilateral development banks and other institutions.

At its 8th meeting, the GCF worked out the details of a 'Fit-for-purpose' approach regarding the accreditation of implementing entities and intermediaries. This approach was agreed upon at the 7th meeting and recognises the role of a wide range of entities, and their differences in the scope and nature of their activities and capacities. At that, it intends to accommodate this diversity by matching the nature, scale and risk of intended activities to the application of fiduciary standards and ESS. In particular, such an approach is intended to make it easier for smaller institutions from developing countries to gain accreditation, while maintaining the integrity of the Fund's fiduciary standards and ESS. In practice, under the fit-for-purpose approach, entities will be categorised according to the size of their entire project portfolio (micro: up to 10; small: 10-50; medium: 50-250; large: over 250 million USD) and according to the extent of environmental and social risks of their activities (low, medium and high).[54]

In order to commence programming and disbursement of funds in a timely manner, the GCF decided that entities which have already been accredited by other relevant funds or institutions, namely the AF, GEF and EU DEVCO, are eligible for the GCF's fast-track accreditation process. For this, the GCF identified gaps that exist between the fiduciary standards and ESS of these funds and institutions with those adopted by the GCF. Accordingly, the assessment for accreditation of these eligible institutions will focus on the identified gaps, in order to ensure full compliance with the GCF's fiduciary principles and ESS.[55]

The question of operationalising enhanced direct access, as enshrined in the Governing Instrument of the GCF[56], has also been addressed by the GCF at its recent meeting. Accordingly, the GCF Secretariat was requested by the GCF Board to prepare terms of reference for modalities for the operationalisation of a pilot phase that further enhances direct access, which will include relevant readiness support if requested by sub-national, national and regional entities, for approval by the Board at its 9th meeting. Inter alia, these terms of reference will specify the objectives, activities to be undertaken, timeframe and financial volume of the pilot phase.[57]

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[51] GCF Board 2014: Additional Modalities That Further Enhance Direct Access, Including Through Funding Entities.
[52] Ibid.
[53] Ibid.
[54] Decision B.08/02 (no official document available, decision not published yet [11/2014]).
[55] Decision B.08/03 (no official document available, decision not published yet [11/2014]).
[56] Para 46 in: GCF 2011: Governing Instrument for the Green Climate Fund.
[57] Decision B.08/09 (no official document available, decision not published yet [11/2014]).

National liaison and communication with the GCF Board takes place through National Designated Authorities (NDAs), which should ensure coherence with existing planning and national visions. In line with this, the GCF at its 8th meeting decided that the Board will only consider funding proposals that are submitted with a formal letter of "no-objection". The GCF Secretariat issued a call for NDAs and 66 countries have so far assigned a national focal point.[58]

Following the 7th Board meeting, the GCF started its initial resource mobilisation process. Scheduled meetings of donor countries took place in June/July and September where policies for contributions were elaborated and developed, which were also adopted by the GCF Board at its recent meeting. A final pledging conference will be taking place on 19-20 November 2014. So far, a range of donor countries have already announced substantial pledges, including Germany, France, Sweden, Denmark, Norway, Switzerland, Luxembourg and the Czech Republic.[59] Remarkably, with Mexico and South Korea also two developing countries have announced contributions to the GCF. Among country representatives and stakeholders there is a clear expectation that the GCF will be equipped with initial resources to the tune of US$10bn by the end of the year.[60]

3.2.2 Direct access and national funding entities (national climate funds)

National funding entities (national climate funds) enable decentralisation of the international climate finance architecture.[61] Because their activities are planned, managed and implemented locally, national funding entities are in a strong position to mainstream climate change into national development priorities, rendering them an increasingly attractive direct access option from a developing country perspective.[62]

There are currently more than 14 such entities worldwide (planned and existing). The common feature among them is their desire to ramp-up action on climate change, to capture and manage funding to support this action from both international and national sources, and to ensure that these activities are fully mainstreamed into their development strategies and plans.[63] They differ primarily in terms of their governance arrangements and legal status; their funding sources (eg, funded by national budgets, accessed through UNFCCC/Kyoto Protocol mechanisms, bilateral and multilateral contributions from developed countries, or a combination of sources), and focus areas (eg, sustainable forest management, clean energy).[64] While there is a lack of accurate data on the capitalisation of these funds, according to 2011 estimates US$1.35bn has been pledged to such mechanisms.[65]

Examples of some of these national funding entities are shown in Table 5.

[58] As of 16 October 2014: GCF Secretariat 2014: Green Climate Fund NDA and Focal Point Designations.
[59] The Guardian 2014: Germany pledges 1 bn to UN climate change fund.
[60] RTCC 2014: Expectations for UN's Green Climate Fund vary by billions.
[61] Müller, B. 2013: (Enhanced) direct access through (national) funding entities.
[62] Ibid.
[63] ecbi 2010: National funding entities: Their role in the transition to a new paradigm of global cooperation on climate change.
[64] Ibid.
[65] Heinrich Böll Stiftung/ODI 2011: The evolving global climate finance architecture.

Table 5: Examples of national funding entities

Country	National funding entity	Description		
		Goals	Managed/ administered by	Funding source(s)
Bangladesh	Bangladesh Climate Change Resilience Fund	To support vulnerable communities in adapting to greater climate uncertainty and changing agricultural conditions	National government (several departments); Palli Karma-Sahayak Foundation	International donations (public and private)
Bangladesh	Bangladesh Climate Change Trust Fund	To support the implementation of Bangladesh's national climate change policy	National government (several departments); Palli Karma-Sahayak Foundation	National budget
Brazil	Amazon Fund	To reduce emissions from deforestation and forest degradation	National Social and Economic Development Bank	International donations (public and private); investment earnings
Brazil	National Fund on Climate Change	To offset the environmental impact of oil production in the country by financing climate change mitigation and adaptation initiatives	Ministry of the Environment	National budget (oil revenues)
China	China Clean Development Mechanism (CDM) Fund	To support CDM projects in China and promote national action on climate change	Ministry of Finance	Proceeds from CDM projects in China; international grants and donations
India	India National Clean Energy Fund	To fund projects and research on renewable energy	Ministry of New and Renewable Energy	National budget (revenues from tax on coal)
Indonesia	Indonesia Climate Change Trust Fund	To serve as the financial mechanism for national climate change policy	UNDP	International grants and donations

(Sources: Müller, B. 2013: (Enhanced) direct access through (national) funding entities; ecbi 2010: National funding entities: Their role in the transition to a new paradigm of global cooperation on climate change; Heinrich Böll Stiftung/ODI 2011: The evolving global climate finance architecture.)

The institutional set-up and arrangements of these national funding entities are diverse and lead to the question of whether, and how, they reflect a devolution of funding responsibility to national level. In this sense, the Indonesia Climate Change Trust Fund poses interesting questions around whether national funding entities managed by the United Nations and other multilateral agencies (eg, the WB) can truly be regarded as providing direct access to climate finance. Although the UNDP has managed the Fund since its launch in 2009, this has always been on the understanding that the UNDP role was temporary, while in-country institutional capacity-building took place.[66] According to the Fund's 2013 Annual Report, the goal is to transition into a nationally managed trust fund that is completely independent of the UNDP by the end of 2014.

In other instances, however, the role of multilateral organisations is not so clear-cut. It has been noted that in many countries either the UNDP or the WB act as the administrator of national funds,

[66] Indonesia Climate Change Trust Fund 2013: Annual Report 2013.

which has helped to build donor confidence that high fiduciary standards will be met.[67] What impact this ultimately has on direct access to climate finance in the affected countries appears to be under-investigated in the existing literature and is a potential area for future research.

To date, the performance of national climate funds has been uneven. According to a joint Heinrich Böll Foundation/ODI report “in practice, the impact of national trust funds on strengthening national ownership and coordination has been mixed. While some countries have been disciplined about ensuring that contributors work through established mechanisms, others have not”.[68]

3.2.3 Direct access: Experiences in development cooperation

The direct access modality is not specific to climate finance. It has a history in the field of development cooperation, specifically in the area of health, where it was pioneered. The following two examples illustrate sizeable direct access portfolios in Africa.

The Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund) is a private-public partnership which, since 2002, has raised, managed and disbursed funds to assist countries in the fight against HIV/AIDS, tuberculosis and malaria. The Global Fund is made up of country structures – including a Country-Coordination Mechanism (CCM), which, on behalf of a particular country, designs and submits funding requests to the Fund. The CCM is composed of representatives of all the key stakeholders. Funding requests are evaluated by an independent Technical Review Panel. The actual work is delivered through partner organisations called Principal Recipients (PRs). PRs are various types of organisations, including government agencies, NGOs, etc. Regular financial audits are undertaken locally through independent consultancies, the Local Fund Agents.[69] To date, the Global Fund has initiated and implemented programmes worth almost US$25bn, with roughly two-thirds of activities focused on Africa.[70]

The second example is the Global Alliance for Vaccines (GAVI), which provides support and centrally procured vaccines to developing countries. Unlike the Global Fund model, the GAVI is based on a government-driven model of direct access; proposals are submitted by the national Ministry of Health, and endorsed by the Ministry of Finance and a national coordinating body. Generally, funding is disbursed from GAVI direct to the Ministry of Health, although on occasion funding may be channelled to a GAVI partner organisation (eg, the World Health Organization [WHO] or United Nations Children’s Fund [UNICEF]).[71] GAVI’s cumulative disbursements total around US$6.5bn, with almost US$4bn implemented in Africa.[72]

3.3 Advantages of direct access: the literature

Various experiences of implementing direct access in climate finance and other contexts, such as health and finance (eg, the AF, DCFs, GAVI), demonstrate that direct access presents both advantages and challenges for developing countries, as shown in Table 6.

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[67] Heinrich Böll Stiftung/ODI 2011: The evolving global climate finance architecture.
[68] Heinrich Böll Stiftung/ODI 2011: The evolving global climate finance architecture.
[69] The Global Fund 2014: Structures.
[70] Author estimates based on http://portfolio.theglobalfund.org/en/Home/Index.
[71] The Global Fund 2013: Grant Portfolio.
[72] Ibid.

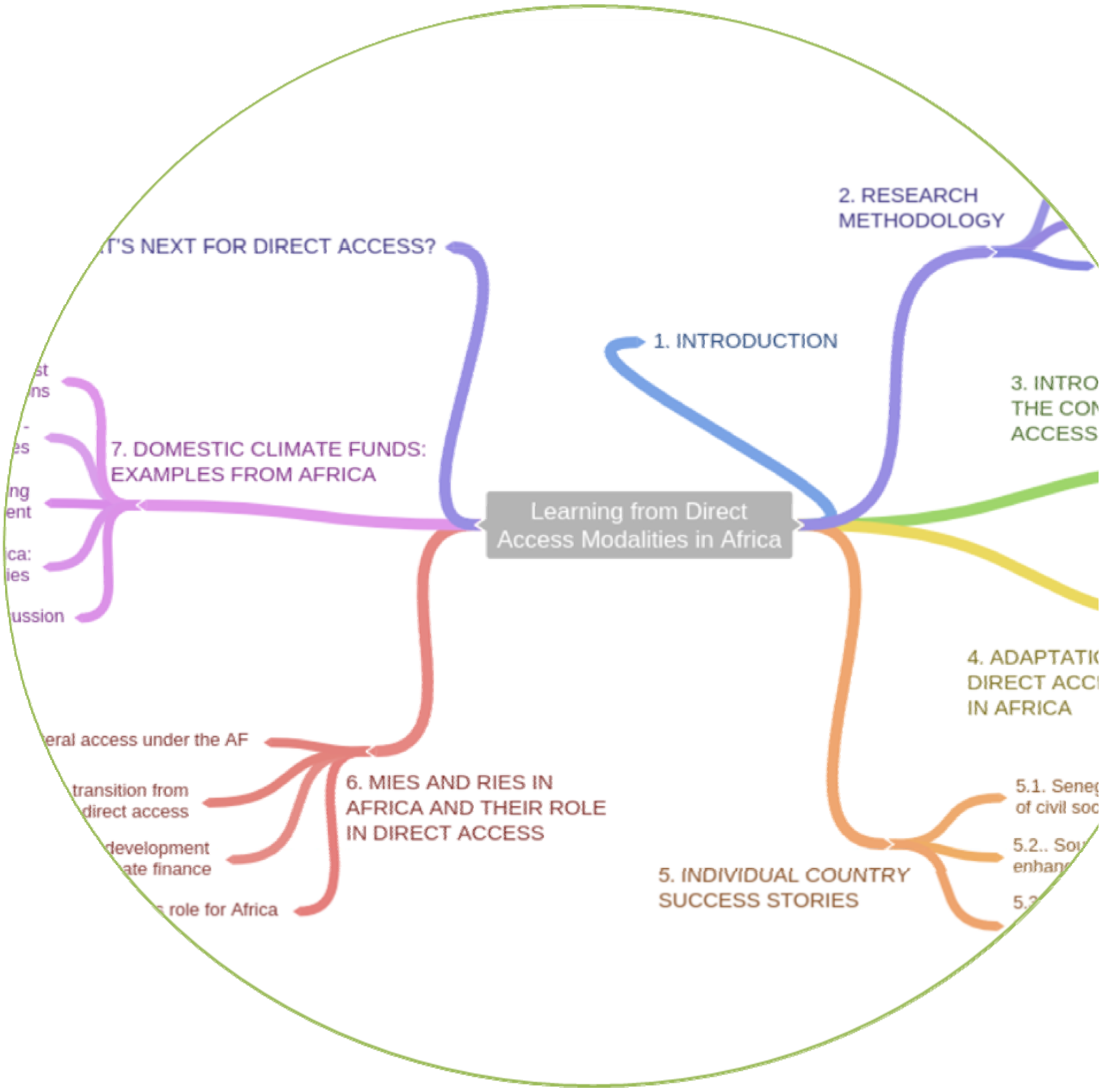
Table 6: Advantages and challenges of direct access

Advantages	Challenges
▪ Enhances country ownership and oversight ▪ Provides 'streamlined access', avoids unnecessary steps and can speed-up the project cycle ▪ Provides the possibility for enhancing synergies among sectors and between mitigation, adaptation and REDD (Reducing Emissions from Deforestation and Forest Degradation) ▪ Sets internationally agreed criteria: evidence-based approaches have the potential to depoliticise key issues and ensure the approach is not arbitrary but agreed	▪ Weak institutional capacity of NIE applicants to meet fiduciary and risk management standards and practices for efficient and effective direct access ▪ In the case of global climate funds such as the AF and the GEF, this is often associated with a highly politicised process for the selection of implementing entities. Institutions that would not normally qualify as implementing entities but are able to mobilise political support are put forward for accreditation ▪ In the case of national funding entities (domestic climate funds), transparency and accountability can be a challenge.
▪ Fulfils country priorities and needs rather than donor needs ▪ Potential to align climate change projects and programmes with national policy in this area	▪ Questionable whether direct access results in equitable access to global funds, given developing countries' different capacities
▪ Potential for greater involvement of non-state actors (eg, civil society organisations) as implementing entities or in public participation and consultation processes	▪ The establishment of a discrete national body as the main entity for overseeing project development, implementation and oversight, particularly if it is not a government agency, could potentially ghettoise climate action and limit ability to integrate it across government plans
▪ Reduced transaction costs	

(Sources: UNDP/ODI 2011: Direct access to climate finance: Experiences and lessons learned; IGES 2011: Access modalities for the Green Climate Fund: Lessons from the existing financial mechanisms; GIZ 2011: Capacity development for direct access to climate finance; CARITAS/CIDSE 2010: Business as unusual Direct Access: Giving power back to the poor)

Of course, advantages and challenges need to be weighed against advantages of internationally intermediated access – for example through United Nations (UN) agencies. Further information on that topic is introduced in Chapter 6, where we present perceptions on the role of multilateral entities in providing access to climate finance.

4. Chapter: Adaptation Fund NIE experiences in Africa



4. Chapter: Adaptation Fund NIE experiences in Africa

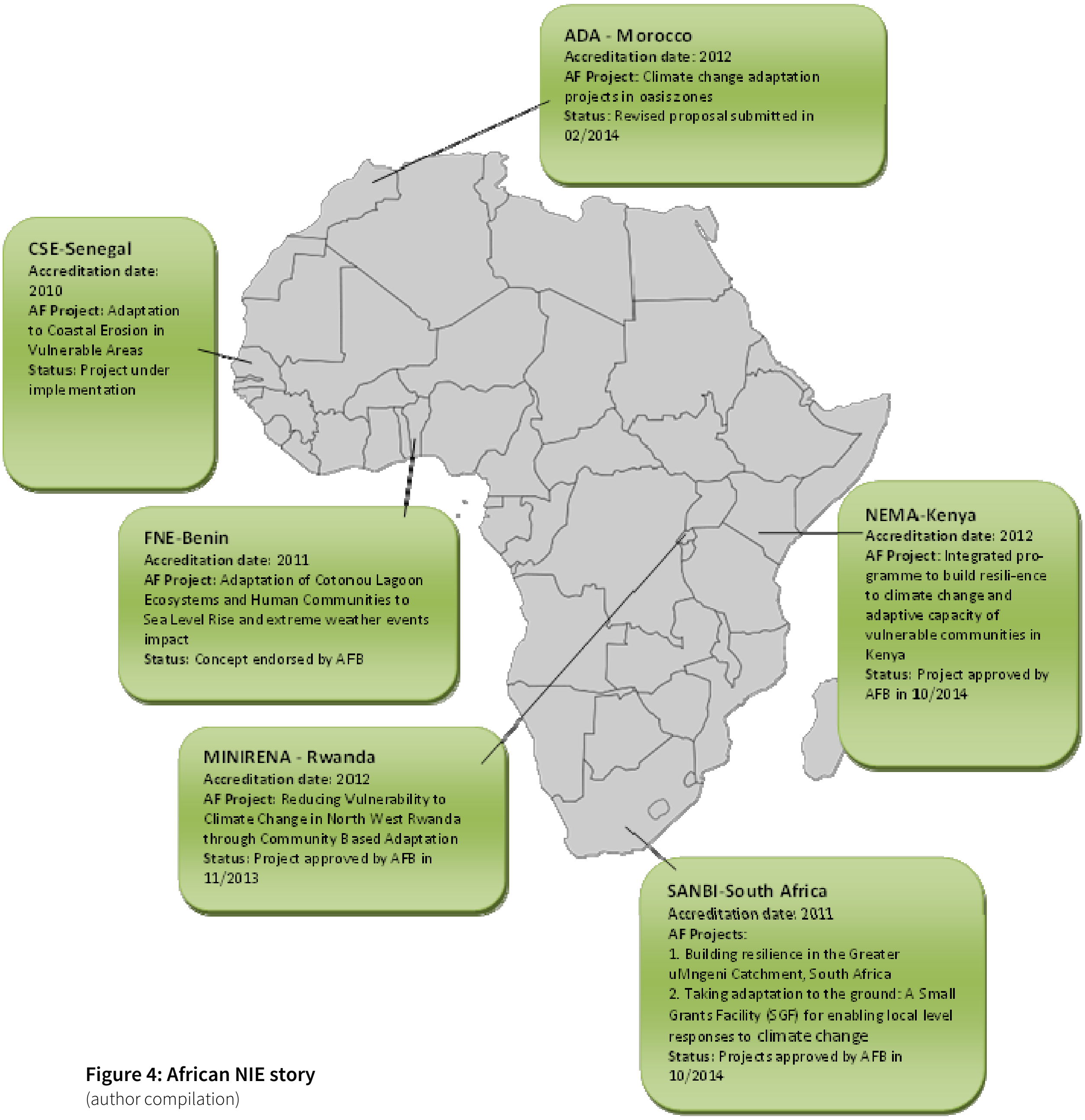


Figure 4: African NIE story
(author compilation)

Introduction

This chapter describes various NIE experiences during the processes of accreditation, project development and approval as well as project implementation. First, we look at the accreditation process itself. Next we illustrate perceptions of designing and developing project proposals with the aim of illuminating the challenges NIEs are facing post-accreditation, when it comes to designing a fundable project in harmony with the AF's operation policies and guidelines. The third part of the chapter focuses on the implementation stage while the fourth part highlights factors that are important for sustainability of the interventions, such as stakeholder consultation and involvement, as well as mechanisms to ensure that the needs and concerns of vulnerable groups are fulfilled and gender issues addressed.

To provide an overview of these issues, all processes are analysed and structured along three categories and respective guiding questions:

- Challenges: What kind of challenges did NIEs encounter in the each phase? What did they find particularly difficult?
- Enabling factors: What kinds of factors were supportive to successfully accomplish this phase?
- Benefits: What kind of positive side-effects did this process have? Here, both direct (for the NIE, the project) and indirect effects (effects beyond the NIE scope, for the national level) are taken into account.

Each section ends with recommendations, some specifically for NIEs and others for the AF. Those recommendations build on the findings of each subchapter and are to be understood as the author's conclusions and deductions regarding lessons learned and need for actions related to those findings.

Most of the information in this chapter was gathered from interviews with key actors in the process in the respective countries. Most of the interviews were conducted by members of the Adaptation Fund NGO Network (AFN-Network): as they are based in the countries and linked to key actors, they are in the best position to gather relevant information. In addition, interventions and conclusions from the NIE workshop in Nairobi were also taken into account.

It must be noted that the below presented insights are deliberately not assignable to specific NIEs as the NIE representatives asked us to not mention them by name. Statements may therefore reflect individual experiences and should not be generalized.

To deepen the understanding of the underlying processes analysed subsequently, section 4.1 provides an overview of direct access under the AF. Knowledge of AF policies, guidelines and requirements is important for understanding the context of the case studies from different countries, as NIE performance and implementation depends on the extent to which they adhere to AF procedures.

4.1 Direct access under the Adaptation Fund

The AF employs a government-oriented direct access model. At national level, there are three important roles:[73]

- The Designated Authority (DA) is the point of communication between the AF and a country. It has two basic functions. First, it must endorse the country's accreditation application, including regional accreditation, before it is submitted to the AF. Second, it must endorse projects and programmes that are implemented through national, regional or multilateral implementing entities. In carrying out its functions, the DA is responsible for ensuring that project proposals are in harmony with national and/or regional priorities.
- The NIE is a domestic legal institution, recognised by the AFB that must comply with fiduciary standards and environmental and social policies. It oversees the project and bears full responsibility to the AFB, including all financial, monitoring and reporting duties.
- The Executing Entity (EE) is executing the project on the ground and is reporting to the NIE.

[73] See: AF's Operational Policies and Guidelines https://www.adaptation-fund.org/policies_guidelines.

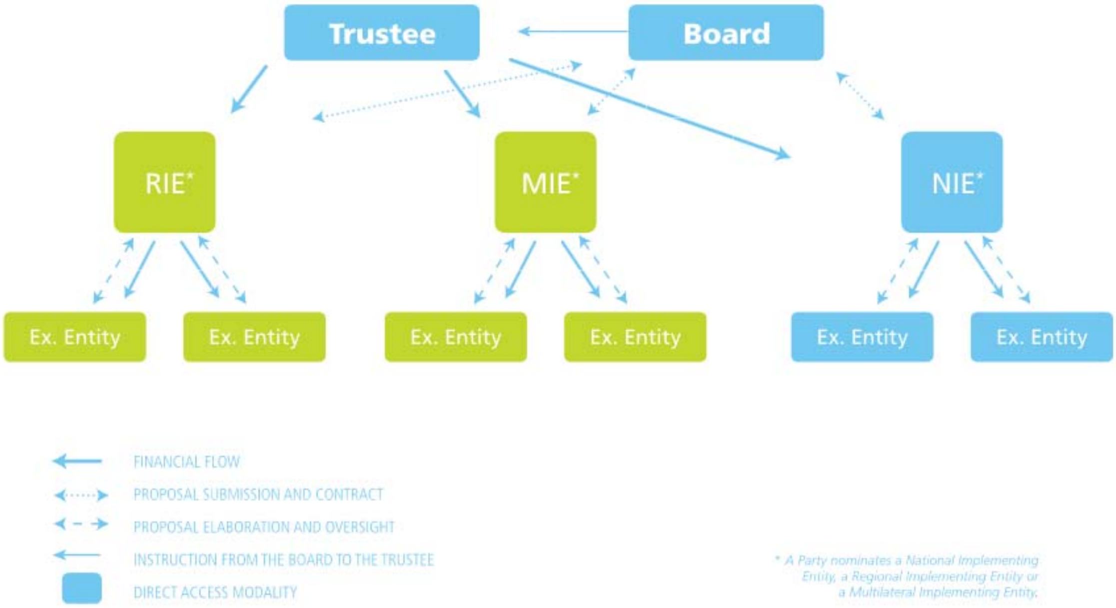


Figure 5: Different access pathways to the AF
(Source: The Adaptation Fund 2014: Accessing resources from the Adaptation Fund. The Handbook)

4.2 NIE accreditation

4.2.1 Formal requirements for NIE accreditation

The accreditation of NIEs by the AF is a five-step process, as illustrated in Figure 6.

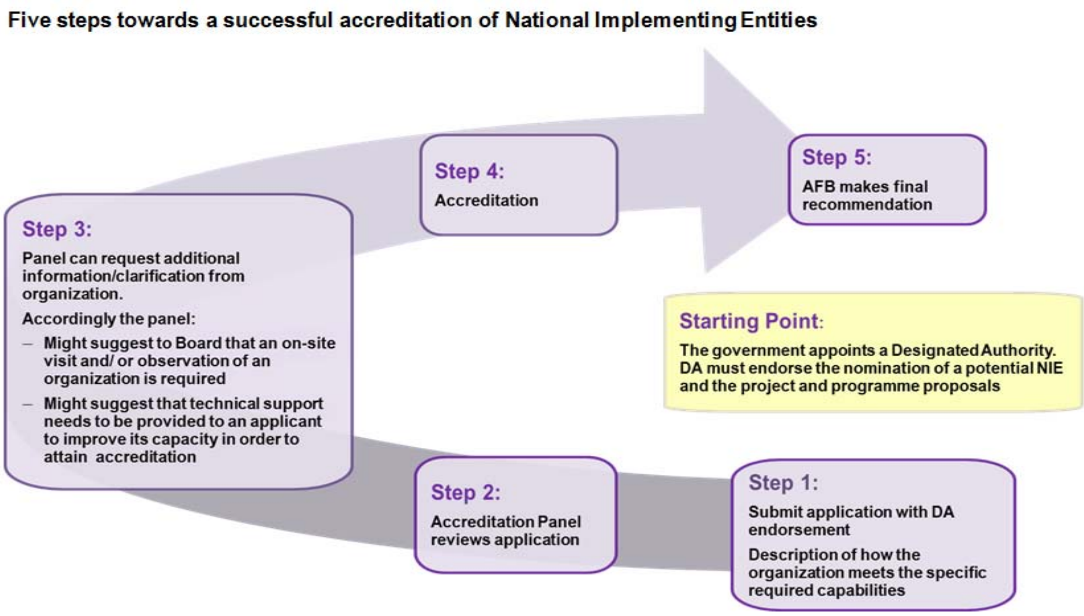


Figure 6: The Adaptation Fund's NIE accreditation process
(Source: AF NGO Network 2011)

The main stages of the accreditation process are:

a. ***Appointment of a DA by the government*** – The DA is the national contact point for the AF. On behalf of its government, the DA endorses NIE accreditation applications. It is also responsible for submitting project proposals from its country to the AF,[74] ensuring they are consistent with national or regional priorities for climate change and sustainable development.[75]
b. ***Selection of a suitable national candidate for accreditation*** – This is a crucial decision, as the NIE, once accredited, will bear full responsibility for overall management of the projects financed by the AF and will conduct all financial, monitoring and reporting activities. It is worth noting that once an NIE is accredited, it is accountable to the AF and not to the country it represents.[76]
c. ***Ability to meet AF fiduciary standards*** –To become eligible for submitting applications for project funding, proponents must prove that "they have the staffing, experience, expertise, and international controls necessary to properly manage project implementation and grant amounts of up to $10 million disbursed by the AF over the course of several years".[77] The ability of the national candidate to meet AF fiduciary standards is mandatory for accreditation.[78] The three categories of standards – financial management and integrity, institutional capacity, and transparency – are summarised in Table 7.

Table 7: Fiduciary risk management standards to be met by implementing entities

Required competency	Specific capability required
Financial management and integrity	o Accurately and regularly record transactions and balances in a manner that adheres to broadly accepted good practices, and are audited periodically by an independent firm or organization o Managing and disbursing funds efficiently and with safeguards to recipients on a timely basis o Produce forward-looking financial plans and budgets o Legal status to contract with the AF and third parties
Institutional capacity	o Procurement procedures which provide for transparent practices, including competition o Capacity to undertake monitoring and evaluation o Ability to identify, develop and appraise project o Competency to manage or oversee the execution of the project/programme including ability to manage sub-recipients and to support project /programme delivery and implementation
Transparency, self-investigative powers, and anti-corruption measures	o Competence to deal with financial mismanagement and other forms of malpractice

(Source: Adaptation Fund 2014: Accessing resources from the Adaptation Fund. The Handbook)

[74] AF 2014: The Accreditation Process.
[75] Ibid.
[76] AF 2014: Accessing Resources from the Adaptation Fund. The Handbook.
[77] Ibid.
[78] Ibid.

4.2.2 Challenges, enabling factors and benefits in the accreditation process

Challenges

Due to the low success rate of NIE applications, the AFB, at its tenth meeting in June 2010, requested that the Accreditation Panel, with support from the Secretariat, prepares a report on how best to support the creation of NIEs.[79] The subsequent report identified a number of barriers at several stages in the accreditation process. Overall, the report identified the following barriers:

- lack of clarity on fiduciary standards;
- lack of clarity on the processes that NIEs must follow;
- lack of clarity about the supporting documents required by the AF;
- language difficulties for non-English speaking countries;
- a DA had not been appointed or empowered to play its required role.

To address these issues, the UNFCCC and AFB were requested by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) in Cancun[80] to organise a series of workshops to familiarise countries with the NIE accreditation process and requirements.[81] Four workshops were held in 2011 and 2012 for countries from Africa, Latin America and the Caribbean, Asia, Eastern Europe, and the Pacific. The workshops presented an opportunity for potential applicants not only to better understand the AFB fiduciary requirements but also to receive feedback from the AFB Secretariat on their accreditation applications.

Four years after the AFB's report, the spectrum of challenges indicated by NIE representatives interviewed has changed slightly. While in 2010 lack of clarity on most processes was a predominant problem, in retrospect (all consulted NIEs are accredited) NIEs identified capacity-related challenges as the major barrier. Moreover, the duration of the process was identified as a problem, as were certain underlying problems (eg, change of government, loss of key staff members).

Another issue mentioned in both reports as a major challenge, and which therefore should be highlighted, is the language barrier for non-English speaking countries. In detail, the challenges noted by NIEs during interviews can be summarised as follows:

- **Lack of ability to meet fiduciary standards:** NIEs attributed this to a lack of in-depth understanding of the fiduciary standards and related requirements. Moreover, limited competencies in some areas of the fiduciary standards were identified as a serious challenge. In particular, NIEs struggled to demonstrate what measures and policies were in place to promote transparency and to combat corruption.
- **Limited internal capacity of NIEs:** Constraints regarding competencies and management were described as key challenges for NIEs. According to interviewees, there is a significant need for time to develop these capacities before the accreditation process is undertaken.
- **Language barriers for non-English speaking countries:** Respondents from non-English speaking countries refer to language difficulties with all aspects of the process, including the application information and guidelines, and the requirement to submit applications in English.

[79] AFB 2014: Report on the tenth meeting of the Adaptation Fund Board.
[80] UNFCCC 2010: Report of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on its sixth session, held in Cancun from 29 November to 10 December 2010.
[81] UNFCCC 2012: Report on the workshops on the process and requirements for the accreditation of national implementing entities for direct access under the Adaptation Fund to CMP.

- **Duration of the process:** According to NIE respondents, the long accreditation processes has two major negative effects: officials become fatigued and frustrated, and a significant amount of important knowledge is lost as people change jobs before the process is concluded.

In general, the accreditation process was regarded as overly intrusive (eg, NIEs were requested to submit information they classified as confidential) and too much detail was required into what was considered inconsequential (eg, from letters, memos, meeting minutes) at the expense of bigger organisational issues. Some respondents reported that they "*felt (...) having been in an exam-mode*" at the end of the entire process.

Enabling factors

All of the NIEs interviewed had successfully concluded the accreditation process. We asked them to think about any enabling factors that could guide other NIEs still in the process. Interviewees listed the following enabling factors in the accreditation process:

- **Experience and capacity:** Experience in project development, management and implementation was regarded as critical for accessing international funds. It is also important to have dedicated staff with a diversity of backgrounds.
- **Alignment and domestic support:** Respondents stressed that it is essential to engage national departments, align with national priorities, unlock domestic support and build on existing initiatives.
- **New partnerships:** According to NIE respondents, it is essential to unlock new country-wide partnerships. There should be innovative thinking regarding potential partners that goes beyond the classic spectrum being addressed by the NIE in its day-to-day work.
- **Designated authority:** It was emphasised that the DA plays a significant role not only in securing access to funding but also in providing leadership for the overall process.

It is clear that enabling factors for NIE accreditation are to be found both inside the NIEs (eg, capacities) and outside the reach of the NIEs themselves, namely domestic support and a committed DA. Research could neither identify a golden rule for NIE applicants, nor for their institutional form. Case studies provide examples from ministry units, government agencies, and research centres.

- Respondents urged the need for participation of key institutions, stakeholders and forums in the selection process – ideally through a national climate change committee – in part to avoid claims of political interference.
- Due diligence and organisational self-assessment of the capacity of the potential NIE applicants against fiduciary standards before submission of accreditation helps best to save time and efforts during the accreditation process.

Benefits

In addition to institutional capacity-building as a direct positive effect of the accreditation process, respondents noted that the accreditation had significant indirect co-benefits for catalysing and revitalising scientific research on mitigation and adaptation at country level. According to respondents it also helped to revitalise commitment to good governance and existing national adaptation plans and strategies by:

- enhancing national commitment to taking action on adaptation;
- promoting collaboration between the NIE and other in-country national and multilateral organisations;
- incentivising strategic institutional reform;

- sending strong signals domestically and internationally about the existence of capable and competent institutions with good governance standards and practices;
- enabling NIEs to attract other sources of funding and take on additional responsibilities beyond AF projects.

4.2.3 Adequacy of support provided by the Adaptation Fund in the accreditation process

Many interviewees touched upon the support provided by the AF during the accreditation process. They identified strengths and weaknesses regarding the adequacy of support and formulated recommendations for improving the process. Subdivided into those three categories, the inputs by the interviewees were as follows:

Strengths

- **Assistance by contact person:** The assistance provided by each applicant's allocated contact person within the AF was regarded as very helpful in navigating the strict requirements and high volume of supporting documentation requested.
- **Site visits by the AF:** Respondents reported that site visits benefited the prospective NIEs in terms of clarifying issues and providing more opportunities to interact closely with the AFB Secretariat.
- **AF website:** Respondents indicated that the AF website was a good resource, providing a lot of information. However, they also pointed out that the structure of the website could be overworked as information was sometimes hard to find.

Weaknesses

Interviews revealed that weaknesses mainly refer to the duration of the process as well as to unclear and inadequate communication. It should be noted that many interviewees stated that NIEs perceived the process to be inflexible and intrusive. Moreover, interviewees highlighted:

- **Behaviour of AF Accreditation Panel:** The AF Accreditation Panel was perceived as rigid and unable to accommodate differences in NIE organisational structures and operating contexts when requesting information.
- **Extended duration of accreditation process:** The entire accreditation process was perceived as overly demanding and too long. This creates the risk of NIE officials involved in the process either becoming fatigued or moving on to other jobs before the process was concluded (resulting in the loss of knowledge).
- **Unclear communication and information on the accreditation process:** Not all NIEs were aware that accreditation on its own was insufficient to trigger the release of AF funds. The subsequent discovery that the AF first had to review and approve proposals submitted came as a surprise to some NIEs, and revealed deficits in AF communications about the accreditation process.
- **Inadequate expectations:** Interviewees felt that the AF places onerous expectations on government officials, not all of whom have the time, expertise and financial resources to participate in the accreditation process at the level required by the AF.
- **Too little awareness of accreditation toolkit:** The AF could better promote its accreditation toolkit and make it more easily accessible.

Recommendations from interviewees for the AF:

- **Flexibility:** The AF should be more flexible about what qualifies as sufficient evidence of the application of policies and standards, as this is a challenge for newly established organisations and highly centralised entities that are subject to frequent political changes (eg, ministries).
- **Streamlined accreditation process:** The AF should streamline the accreditation process so that it is shorter and does not require the involvement of as many people/entities in the recipient countries.
- **Provision of information on complex technical aspects:** The AF should provide more comprehensive information about the complex technical aspects of the accreditation process.
- **Provision of information about scale of project funding:** The AF should provide comprehensive information about the scale of project funding that will be available upon accreditation. This will also help to manage expectations on both sides.

On must note, however, that all interviewed NIEs have been accredited since 2012 at the latest and hence did not mention the AFB readiness programme, approved in November 2013.[82] This "Readiness Programme for Climate Finance", kicked off in May 2014, is a two-year initiative that aims to help strengthen the capacity of national and regional entities to receive and manage climate financing as they adapt and build resilience to changing conditions in sectors ranging from agriculture and food security to coastal zones and urban areas. The programme includes a component to increase South-South collaboration among accredited NIEs and those seeking accreditation with the objective to use the practical experiences accredited NIEs have accumulated. Under this activity, developing countries that are Parties to the Kyoto Protocol and do not yet have an accredited NIE may receive support from an accredited NIE in one or more of the following areas: (i) identifying potential NIE candidates; (ii) assisting NIE candidates in the preparation of applications to be submitted to the Fund (iii) providing support and advice during the application process.[83] This demonstrates that the AF recognized the needs identified in this research report and took a step in the right direction.

[82] See: https://adaptation-fund.org/node/3939 and AF 2014: Programme to Support Readiness for Direct Access to Climate Finance for National and Regional Implementing Entities.
[83] See: https://adaptation-fund.org/node/3938. The due date for requests by interested applicants was August 15th 2014.

Recommendations for the accreditation process

For NIEs

- Conducting a self-assessment of compliance with AF fiduciary standards beforehand (and taking the necessary remedial measures) can save time and effort during the accreditation process.
- NIEs should plan in time for developing human and management capacities before the accreditation process is undertaken.
- Strong supporting political will, leadership and follow-through from key decision-makers are critical to confer in-country legitimacy to the NIE and facilitate ongoing support until accreditation is successful.
- During the accreditation process it is essential to engage national departments, align with national priorities, unlock domestic support and build on existing initiatives.
- DA plays a significant role not only in ensuring the success of the accreditation process but also in assuring country ownership and providing leadership for the overall process
- NIE accreditation should be seen as a first stage in the long journey towards implementing adaptation projects and improving adaptive capacities. Where necessary, NIEs could establish partnerships with external service providers competent in key areas such as financial management and accounting in order to bridge capacity gaps.

For the AF

- Information about the accreditation process should be communicated in clear, accessible language and through various channels/formats (eg, print and electronic versions). This includes information that accreditation is not the end of the process, but only a milestone in securing AF resources.
- The AF should upgrade the accreditation toolkit and integrate the Fund's environment and social safeguards.
- The AF should enhanced tools for self-screening of project proposals.
- The AF should provide applicants with examples of the accreditation form that meet different fiduciary standards and environment and social safeguards.
- Key documents should be translated into different languages.
- Findings from the readiness activities conducted by the AF and other stakeholders should be integrated into the operations of the Fund.
- South-South cooperation that extends beyond AF’s readiness activities should be promoted.
- The AF should establish a network of practitioners for enhanced knowledge-sharing on the accreditation process and beyond.

4.3 Project development and approval process

After achieving accreditation, NIEs need to prepare for their core task as implementing entities, namely the development and implementation of adaptation projects. The post-accreditation stage is a decisive phase for the later success of project development and implementation. In order to be successful, project proponents must show how the activities contribute to resilience, how vulnerable people benefit from the intervention, how they will minimise negative side-effects, how to capture learning, etc.[84] Although major challenges lurk in the process, these are often underestimated by NIEs. The post-accreditation phase is, therefore, an important opportunity for NIEs to learn from other forerunners to successfully cope with these challenges. Interviewed actors also identified many enabling factors and benefits that evolve post-accreditation, noting that the challenges provided an opportunity to improve institutional structures and procedures and to increase capacity to successfully implement adaptation projects.

For projects larger than US$1m, the AF offers two possible routes to project development and approval: either the NIEs undergo a one-step process and directly submit a full proposal or they decide on a two-step process and submit a project concept first and then work on the full proposal only after the concept has received guidance and been approved by the AF. The fully developed project proposal is then reviewed and approved in a second step. The AF explains that, while time consuming, the two-step process "minimizes the risk that a proponent does not invest time and energy in fully developing a project or program document that fails to meet the criteria of the Fund".[85] Either way, the project must be endorsed by the government through its DA. Figure 7 provides a detailed overview of the AFB project cycle.

Most countries indicated that they followed a two-step submission, as the AFB Secretariat advised this to be the most likely to deliver a positive result; they used this opportunity to better understand the process and its requirements. Then for subsequent applications, they would be in a better position to use a one-step process.

In addition to deciding on either a one- or a two-step submission, NIEs must deal with crucial processes on the way to project approval. The main stages of project development and the approval process are: identification of potential projects, writing up the concepts, further developing the concept to a full project proposal, and finally submitting the proposal.

The assessed countries followed similar processes for identifying potential projects. As a first step, environmental and social impact assessment methods and participatory needs assessments were used to identify the most striking problems and necessary actions. This information was supplemented by data from consultation processes (relevant national stakeholders: civil society, private sector, local governments, and potential project implementers). In general, respondents pointed out that they did not encounter major difficulties in identifying projects because a problem analysis mapping out the necessary interventions was taken from existing plans and strategies. Some NIEs initiated a second step – a call for proposals, which in most cases met with a good response. In some instances, countries subsequently established criteria for assessing and shortlisting proposals.

[84] AF 2013: Instructions for preparing a request for project or programme funding from the Adaptation Fund.

[85] AF 2013: Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund.

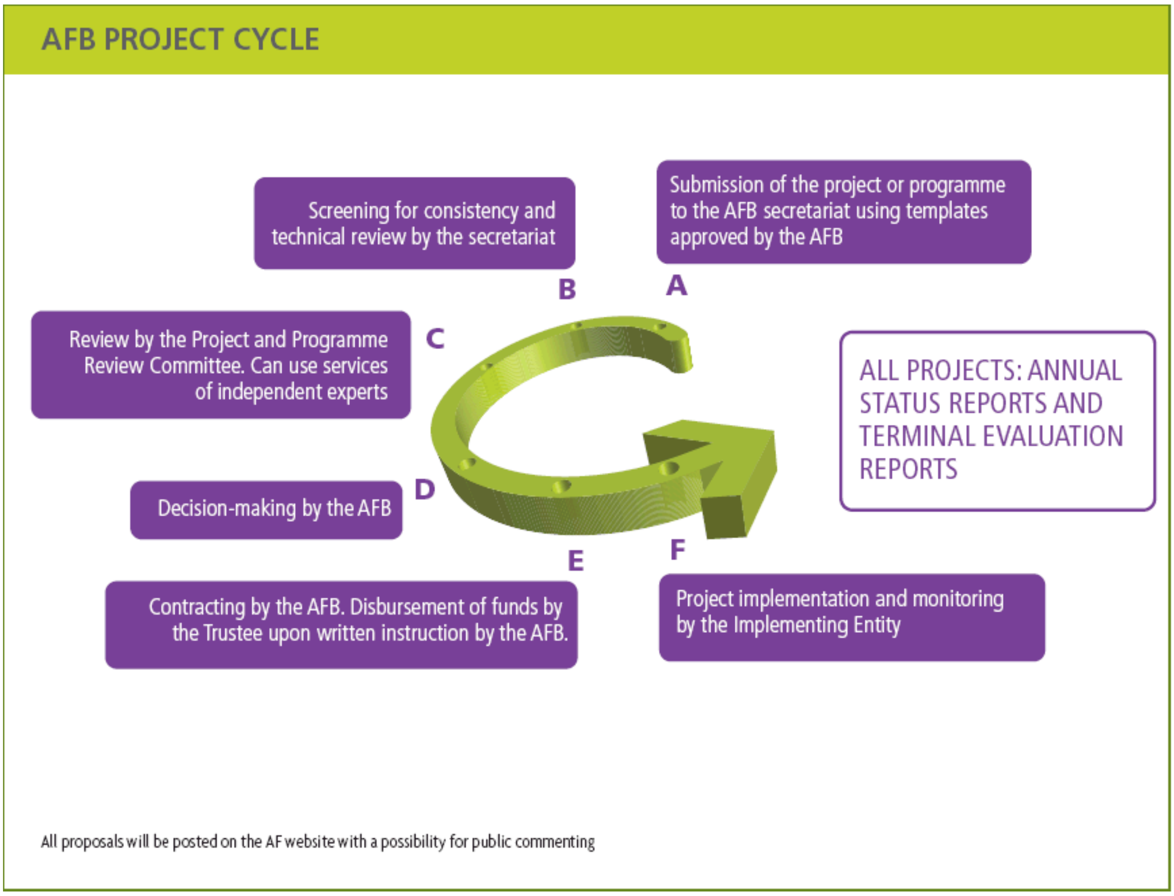


Figure 7: AF Project Cycle and Approval Process
(Source: The Adaptation Fund 2012: The Adaptation Fund and direct access.)

Countries had different experiences regarding the timeframe between identification of the project and final approval, indicating spans of between three months and two years.[86] The extent of the timeframe highly depended on feedback and comments from the AFB, after which projects needed to be revised to improve the chances of approval. One however has to note that the feedback and comments depend on the areas that require clarification, so the timeframe reflects strengths and weaknesses of the initial proposal and the subsequent process by the IE to address any weaknesses. Respondents found the approval process to be fairly efficient, compared to the long accreditation process.

The following section takes a closer look at challenges, enabling factors and benefits of the process.

[86] It is important to mention that some of the case study countries are still in the process of developing proposals.

4.3.1 Challenges, enabling factors and benefits in the proposal development and approval process

Challenges

NIEs noted that the main challenge of the post-accreditation process was the **time lapse between accreditation and proposal endorsement**. Some NIEs expressed their frustration with the fact that undergoing a thorough and time-consuming accreditation process did not result in the immediate disbursement of funds by the AF. Yet more time, effort and money was channelled into preparing project proposals that had to be approved by the AF before project financing would be disbursed. Without the Project Formulation Grant, many NIEs would struggle with proposal development in the post-accreditation phase. However, most respondents refer to the small sum disbursed by the fund compared to the cost of activities necessary to develop a proposal. According to NIE interviewees, challenges during the proposal development and approval process could be attributed to two factors: on the one hand, the early stage of adaptation planning in most of the countries impedes effective planning. On the other hand, lack of clarity regarding the process, including when to expect decisions that advance the process, which would help NIEs to better prepare for and plan the process. In detail, challenges noted by NIEs can be summarized as follows:

- **Lack of clarity on the process and key documents:** Respondents indicated that clarification is needed regarding both the process cycle and arrangement of concept note and full proposal. However one must note that this applies in particular to early accredited NIEs as in 2012 the AF developed a detailed guidance document which is publicly available.
- **Incalculable approval decision-making process:** Some NIE interviewees described cases in which the AF postponed important decisions, which led to frustration on the part of key decision-makers and all concerned and perceptions of the decision-making process as unpredictable.
- **Appropriate duration of the process:** While NIEs regarded the process as being very lengthy with a number of demands for additional information or amendments to the proposals, others found it unfortunate that the AF imposed hastiness on their process to show effectiveness. They refer to the fact that adaptation cannot be done quickly and that it takes time.
- **Inappropriate responses to domestic call for proposals:** Respondents in countries where a call for proposals was issued reported that a large percentage of responses were not appropriate. They attribute this to the fact that it is still early days for climate adaptation.

Enabling factors

- **Experience in project development:** Any NIE engaging in project development must have an administrative structure able to deal with the demands of the AFB as well as to conduct a participatory process with national stakeholders. The need to build additional capacity to integrate local knowledge into project components as well as into national plans was also often emphasised.
- **Support by consultants:** Respondents highlighted the important support provided by consultants who had already been operating in the country in developing the proposal. This support was important to speed-up the process.
- **Consultation process:** Beyond recognition of the fact that vulnerable groups and gender considerations should be at the centre of any meaningful consultation, interviewees also

felt it is important to consult NGOs, community-based organisations (CBOs), academia and the private sector.

- **Participatory needs assessment:** The engagement of people on the ground was essential during the project development process. This ensured that people really knew what the project was about and that real needs would be addressed.
- **Alignment and domestic support:** According to NIE respondents, it is essential to engage national departments, align with national priorities and unlock domestic support.
- **Work and align beyond the institution's traditional scope:** NIE interviewees emphasised that once the entity looked beyond their traditional scope regarding thematic sectors they work on and actors they work with, this became a major enabling factor during this phase. They recommended not engaging too narrowly within the interests of the organisation but envisaging a more integrated project.
- **Capture the learning process:** Respondents indicated that it is crucial to capture the learning process. In some cases, they document the project development process carefully, including minutes of meetings where decisions were taken, etc.

Benefits

Confirming earlier findings by the AF,[87] the interviewees reported that the project development process:

- **fostered collaboration of a variety of actors within the country:** Project development was energised by government and non-government actors working more closely together.
- **provided a good example of a transparent process:** In some instances the project development process was open to a large number of organisations through calls for proposals followed by a transparent selection process. According to interviewees from civil society in some of the countries, the process provided a good example of transparent allocation of funds. Civil society organisations (CSOs) in countries where a call for proposals was issued welcome such a process and hope that in future all information on expected proposals, internal project screening process criteria, and findings will be issued.

[87] AF 2012: The Adaptation Fund and direct access. Supporting developing countries in undertaking concrete measures to adapt to the adverse effects of climate change.

Recommendations for the project development and approval process

For NIEs

- The demands of the transition from accreditation to submission of the first project proposal are often underestimated.The process of identifying projects should start as early as possible to capitalise on the positive momentum from accreditation.
- There is no single recipe for identification of proposals to be submitted to the AF. Countries have been using different approaches, addressing an area of vulnerability in accordance with national plans and strategies, taking a problem-solving approach or making a nationwide call for proposals.
- On balance, an open and very transparent call for project proposals seems to yield more benefits than a closed internal process to identify and conceptualise projects (eg, the benefits include boosting innovative collaborations to deal with complex adaptation issues).
- A two-stage project submission to the AF (concept followed by a full proposal) is recommended for the NIE's first project; this creates a test-bed and richer learning experience for the NIE to familiarise itself with the process and allows accessing the project formulation grant.
- The Project Formulation Grant is a useful resource to finance feasibility studies, environmental and social assessments, and stakeholder consultations.
- NIEs should screen submitted project proposals in a transparent and fair manner. In doing so, the eligibility and screening criteria need to be disclosed, as well as the rationale for the choice of specific projects.
- Project design should take a holistic view of what is in the public interest instead of focusing too narrowly on the NIE's established modus operandi.
- Where possible, a multi-stakeholder steering committee spanning national and local levels should be established to guide NIE work. Doing so will increase ownership and help to reflect all views and concerns.
- The stakeholder consultation process should put the most vulnerable groups at the centre of the project (eg, women and youth); and should be an ongoing interactive and iterative process and partnership that starts, ideally, with the identification of proposals. It should also develop a stakeholder consultation plan, which should later on track the level of engagement of different stakeholders.

4.4 Implementation of approved projects

After projects have been approved, new challenges await the NIEs. There are a range of guidance, tools and requirements that implementing entities should follow when implementing an AF-funded project.

Regarding African NIEs, so far only Senegal, Rwanda and recently South Africa and Kenya have reached successful approval of a project and are in the process of implementation. The statements in this section therefore refer in the majority of cases to Senegal. However, asking NIEs for anticipated challenges, the section also includes the views of NIEs not yet in the process of implementation on the effects of their current process and related problems on the future implementation process.

4.4.1 Understanding of roles

The project implementation phase includes a wide range of actors with different responsibilities. Respondents felt it is important to define clear roles and responsibilities. One particular challenge highlighted by the NIEs is the division of responsibilities and the understanding of roles between the IE and the EE.

While NIEs bear full responsibility for the overall management of projects and programmes as well as for all financial, monitoring and reporting activities financed by the AF, EEs execute adaptation projects and programmes supported by the Fund under the oversight of IEs.[88]

Some respondents stated that the division of tasks and responsibilities between the implementing and executing entity was not clear at the beginning. In answer to that problem, NIEs established Memorandums of Understanding (MoAs) with each EE in which they define the activities, responsibilities, obligations and disbursement conditions with reference to the NIE's procedure manual.

4.4.2 Challenges, enabling factors and benefits in the project implementation process

Challenges

- **Delay in project implementation:** Respondents indicated that delay in the project implementation process is a significant challenge for effective implementation. Delays occur for several reasons: political changes bringing personnel changes, eg, in one case a new environment minister took too long to re-launch tender invitations for the project; moreover, the procurement process took longer than planned.
- **Difficulties in coordinating and managing the range of information and people** engaged in adaptation projects. These difficulties can occur early on in implementation, but they offer the opportunity to raise awareness about the need for climate adaptation at multiple levels – from beneficiaries in the field to ministries in the capital.
- **Compliance with the AF Environmental and Social Policy (ESP):** The AF ESP is based on results rather than on a prescriptive procedure. This allows for different paths to achieve the same outcome. In addition, the categorisation of a project should be based on data collected as a result of screening and/or assessment and substantiated where possible.

[88] AF 2013: Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund.

- **Procurement processes represent a challenge and cause delay:** Procurement processes and necessary bidding need to be anticipated early on in the project in order to limit delay in project implementation. There is also a potential trade-off in the argument of cost effectiveness and the level of consultation.
- **Evaluating the impact of adaptation project:** According to interviewees, the interrogation of impacts of the adaptation projects remains a critical area.

Anticipated challenges

Although most NIEs do not yet implement projects and are still awaiting approval, they expressed thoughts about how problems in the current phase may affect future project implementation. All of the respondents who gave input on this question expressed concerns that current developments may impede future project implementation, particularly national pressure to quickly work out a project proposal even though key processes take time (eg, identifying existing approaches to link into them). The interviewees anticipated that a rushed project design phase (due to lack of funds or other reasons) provokes delays in project implementation later on. Referring to this, one NIE representative stated that at the moment everyone is talking about accreditation, but in a year everyone will talk about why implementation of NIE projects is neither efficient nor sustainable. It was stressed that it is particularly important to consider stakeholder consultation and participation in the project development phase.

Enabling factors

- **Regular meetings of NIEs, technical committees and executing entities:** Respondents emphasised the importance of regular meetings to exchange information on the process and on difficulties.
- **Establishment of standing steering committee for projects early on:** As adaptation touches several areas of development and requires the participation of all relevant stakeholders, particularly the most vulnerable people, it is important to establish steering committees that allow everyone to engage with and influence decisions, which is obviously key to ensure ownership and sustainability.
- **Build on existing structures, use existing capacities effectively:** Upon accreditation, NIEs should be systematic in ensuring their institutional structures are geared towards the implementation of AF projects; this could entail some restructuring and other departures from the ‘business as usual’ mindset. More specifically, it may be helpful to establish an office or dedicated staff focusing exclusively on NIE activities, and realign decision-making and communication processes in the whole organisation to accommodate NIE-related mandates and tasks. For example, one NIE had a pre-existing project management unit prior to its accreditation by the AF; once it was accredited, AF projects were added to the scope of that unit. The mandate of another NIE had to be amended through official channels to enable it to fulfil its obligations.
- **Flexibility to rethink activities if deemed necessary to reach vulnerable people and the project’s goal:** NIEs need to be flexible to accommodate changes in project goals and delivery.
- **Leverage existing governance and compliance practices to facilitate AF project implementation and reporting:** For example, one NIE already had ambitious targets for its annual Auditor-General reviews and incorporated AF finance into this process upon accreditation.
- **Monitoring and evaluation (M&E):** Interviewed NIEs underscored the importance of M&E in relation to financial management of the projects. NIEs are accountable to the AF for project expenditure and impact and are required to submit periodic project progress reports.

In general, respondents took the view that the project implementation phase in particular will be a learning process. For many NIEs it is the first time they will have been responsible for projects – and therefore each project will have lessons for others.

Recommendations for the project implementation process

For NIEs

- It is strategic to establish an NIE steering committee, including key sectors, so as to ensure that the Adaptation Fund project can positively influence national adaptation strategies while at the same time national policies and processes are supported. A platform like this can lead to innovative collaboration and a new approach to dealing with the complexity of climate adaptation. For reasons of cost-effectiveness, an existing committee could be charged with this task.
- Meaningful adaptation takes time and truly consultative processes need careful facilitation to ensure that the needs of the most vulnerable are directing project identification and planning. Once this process is carried out thoroughly and there is true local ownership of the project, implementation can proceed without delays.
- It is important to create synergies in addressing adaptation – and to ensure that adaptation processes support national development pathways.
- Procurement procedures are time consuming: the earlier they are taken into account, ideally during the proposal development process, the less time will be lost in starting implementation. Given the importance of this process, it is advisable that NIEs employ staff dedicated to procurement.

For the AF

- The AFB must be supportive of learning processes and build local processes and structures to support learning. This can be achieved through specific guidance in its Knowledge Management Framework, which should put more emphasis to knowledge sharing and gathering at community level.
- The Project Formulation Grant is critical to different studies, such as environmental and social assessments, as well as for conducing meaningful consultation. The AFB should review its policy, and should especially consider added requirements by project proponents. Specifically additional resources could be granted for ambitious adaptation projects, or projects with high environmental and social risk, as to allow further in depth consultation before submission of the fully developed projects.
- Case studies of, and communication tools for, good implementation practice under the AF will facilitate the work of NIEs.
- The AF should strengthen the networks and forums for NIE and practitioners to facilitate and encourage knowledge-sharing among members that have been build up as part of the readiness programme.

4.5 Stakeholder consultation and integration

"I think it is important to build on existing approaches and to aim at a transformational process drawing on creativity of the stakeholders. During the process it is important to ask: what are people comfortable with? What do they want to do to adapt?"[89]

Earlier research has shown that including civil society early in the NIE accreditation process is beneficial for later phases of project implementation. Consultation is necessary to understand potential obstacles and risks, define problems and identify their causes, get an overview of existing measures, maximise synergies, avoid duplications and ensure coordination. Consultation might show appropriate strategies and actions to address needs and achieve necessary outcomes. Consultation moreover helps to save time, raise awareness, increase the participatory involvement of members of society and the project, share experiences and knowledge, reduce costs, and improve project performance and impact.

4.5.1 Extent and intensity of consultations

According to the interviewees, stakeholder consultations have taken place in all six cases, although with varying extent and intensity. Stakeholders were:

- consulted regarding all relevant processes from the beginning to the end (accreditation, project identification, project development);
- consulted during particular processes (eg, elaboration of the project);
- involved in the call for proposal process, where they could hand in proposals.

4.5.2 Consultation modalities

Consultations differed according to the methods used. NIEs used the following modalities to create an understanding of AF requirements and to share insights and discuss criteria for the strategy for af investments in the country:

- visits (field visits; community visits, household level visits);
- meetings (one-off and ongoing);
- discussion groups;
- workshops;
- integration of stakeholders into steering committees and forums (eg, local steering committees, joint action development forum).

Moreover, there were forums in which stakeholders could be directly involved:

- mapping risk areas: people were directly involved in mapping the risk areas for possible projects. While the NIE prepared a map, local people marked those areas they found to be particularly prone to risks;
- stakeholders as part of the monitoring process: ongoing monitoring and evaluation every two years;
- joint action development forums: those forums, including civil society, NGOs and government institutions ensure at community level that project planning is done in a holistic way;

[89] Interview with an NIE representative, anonymous.

- integrating civil society in vulnerability assessments: many respondents indicated that in some way or other the project proposal team worked closely with the district municipality. With support of actors in the municipality, the team worked to map out the stakeholders active in the district, which gave them a better understanding of local vulnerabilities. They held workshops to collectively assess local vulnerabilities.

4.5.3 Spectrum of stakeholders consulted

A wide range of stakeholders was consulted in terms of type of stakeholder consulted and the level at which those stakeholders are active. Figure 8 represents only a selection.

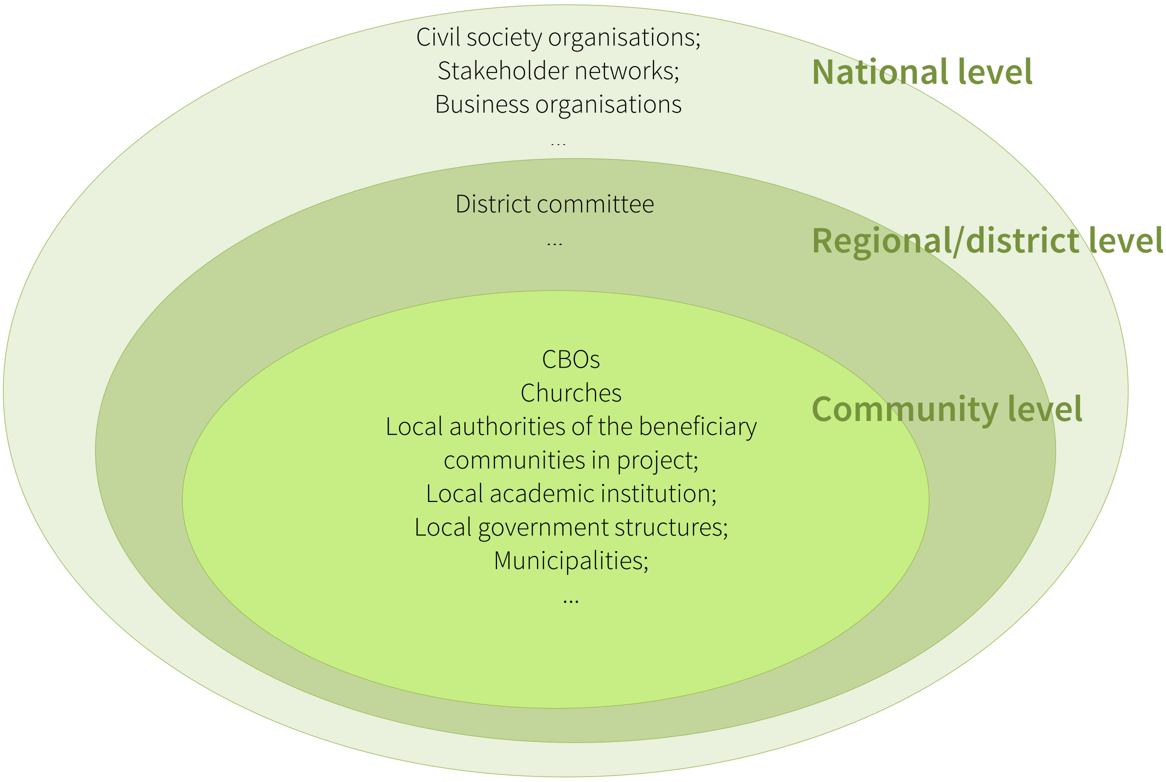


Figure 8: Spectrum of stakeholders consulted
(Author image)

4.5.4 Challenges, enabling factors and benefits in the consultation process

Challenges

- **Time and money:** The formulation of projects including a wide stakeholder consultation process is expensive and takes time. Respondents described a tension between limited funding and participatory and integrated project design. The US$30,000 for project formulation was less than actual cost (covering an estimated 25% of actual costs). While some countries were able to find co-financing institutions, not all countries were in a position to do so.
- **Expectation management:** NIEs stressed that the communication process with stakeholders involves major challenges, in particular that of not raising unrealistic expectations about potential outcomes of the project.

- **Not enough guiding by AFB regarding consultations:** Respondents emphasised that they were faced with the obligation to be consultative and participatory, but not enough direction was given by AFB regarding the stakeholder consultation process.
- **Asking the right questions:** Especially regarding organisations at community level, respondents found it very important to ask the right questions: not technical, superficial inquiries but questions related to something linked to people's own experiences.

Enabling factors

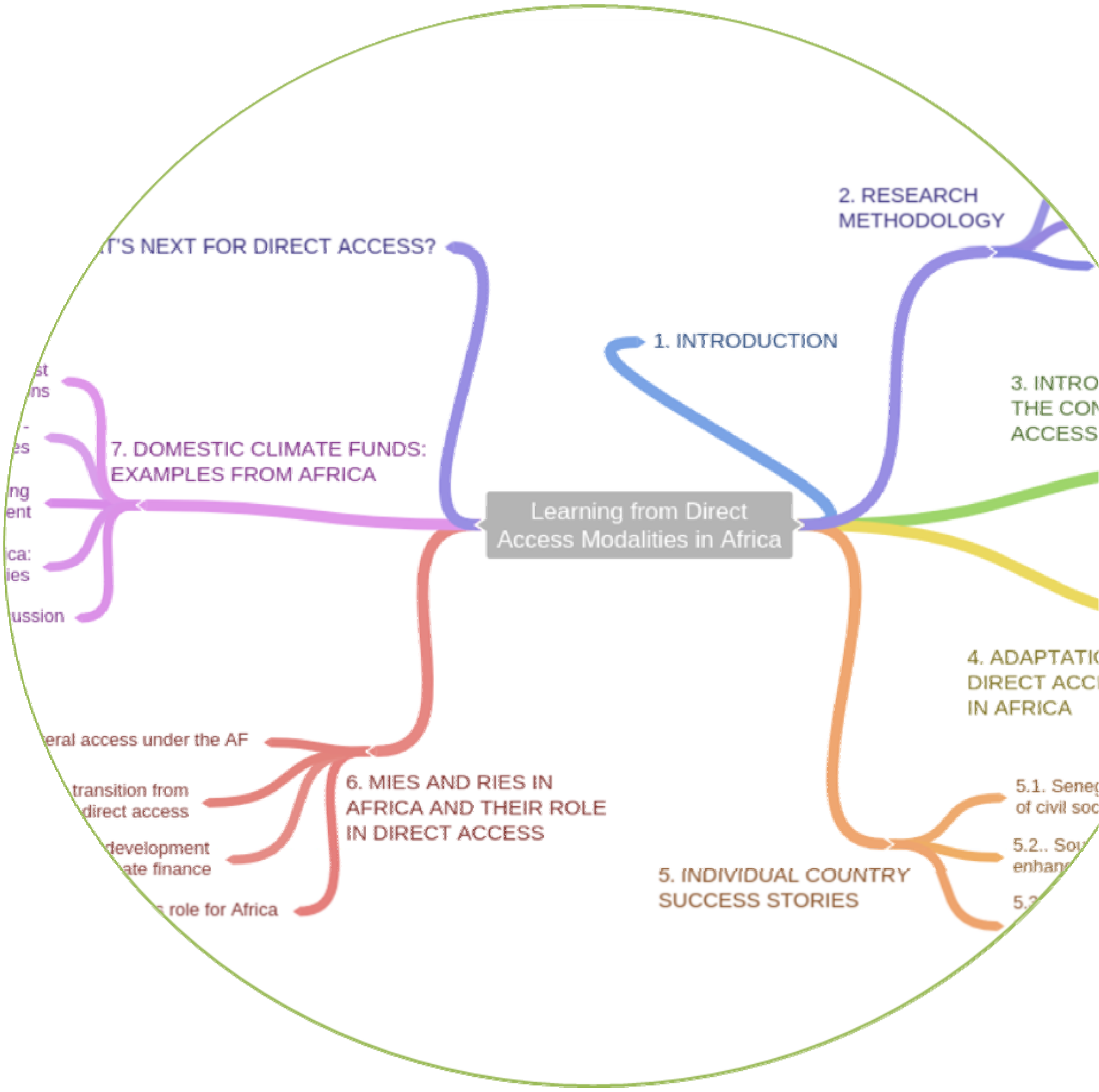
- **Adjust to local conditions:** Respondents reported that it is important to adjust the consultation process according to local conditions, regarding both selection of stakeholders and modalities of consultation.
- **Obtain permission:** NIEs highlighted that a key factor for working at community level was obtaining permission to do so from key authorities such as traditional authorities, municipal councils, etc.

Benefits

The following were highlighted as benefits of the consultations processes. Again, the list represents only a selection and does not cover all benefits of stakeholder consultation processes:

- **Awareness raising:** NGOs have been of paramount importance in raising awareness for the project at local level.
- **Opening horizons:** Respondents reported that rich stakeholder engagement processes enabled to see more cross-sectoral projects including aspects not normally part of the NIEs portfolio.
- **Focus on most vulnerable:** Respondents indicated that on the side of stakeholders there was a strong desire towards developing projects that deliver tangible benefits, particularly for the most vulnerable people in the country.
- **Include local knowledge and expertise:** CSO interviewees showed that consultative processes are a way to include local knowledge and expertise and to ensure that projects reflect stakeholder priorities and needs.
- **Establish a relationship to build on:** Early inclusion of civil society helped to establish good contacts with national civil society organisations. The relationships established at this stage were useful for making later decisions about adaptation projects.
- **Build local support for the programme and ensure beneficiaries' participation:** local community representatives spoke highly about the comprehensive involvement and conclude that in particular the involvement of very committed local NGOs helped to build local support for the programme, ensuring beneficiaries participation.
- **Catalysing new partnerships:** The consultation processes were perceived as opportunities to catalyse new partnerships crucial for the later implementation process.
- **Adding transparency:** Stakeholder consultations opened the process beyond institutions on government level and required that information be disclosed. This process allowed for open and accountable concept development and avoided the funding of 'pet projects'.
- **Foresee and/or resolve potential obstacles:** Respondents described meaningful consultation as an opportunity to foresee and/or resolve potential obstacles, constraints and conflicts and distribute benefits equitably.

5. Chapter: Individual country success stories



5. Chapter: Individual country success stories

5.1 Senegal: Early inclusion of civil society

In 2010, the Centre de Suivi Ecologique (CSE) in Senegal was the first NIE to be accredited globally. The multi-stakeholder organisation is not a state body, though it is closely affiliated to the government. Senegal was among the first four NIEs to have a concept endorsed by the AFB. The concept for the programme 'Adaptation to coastal erosion in vulnerable areas' was endorsed by the AFB in 2010 at its 10th meeting, only six months after CSE's accreditation as an NIE. The two-year programme was launched in February 2011, with a budget of US$8,619,000.

According to interviewees from the CSE and civil society, one major factor contributing to both CSE's successful accreditation and its fast-track programme approval was the early inclusion of civil society. This finding is underpinned by earlier studies stressing the fact that the inclusion of civil society was crucial for the successful accreditation of CSE and noting that Senegal stands out "in the way it included civil society in the decision-making process from the very beginning".[90]

Senegal made great efforts to actively include civil society from the outset at all stages of the process. The nomination of CSE as NIE was based on a proposal by the national committee on climate change (COMNAC, French acronym for Comité National Changement Climatique), a national committee which, besides ministries, private sector, universities and research centres, is composed of NGOs, local communities and civil society associations. Close involvement was furthermore realised by meetings held with NGOs and CSOs and conducting stakeholder consultations during the accreditation phase as well as during the elaboration of the programme. In an earlier study, Amadou Dieye, Technical Director of the CSE, explained that "the organization has gone beyond its mandate by conducting stakeholder consultations all along the coast to inform its coastal protections project."[91]

Involvement was deepened through meetings with major CSOs, CBOs and local authorities in the project's beneficiary communities. According to interviewees from CSE, NGOs were invited to work on the project development, and collaboration with an NGO helped with assessing the impact on vulnerable communities.

Understanding the importance of involving civil society and hence their knowledge and experiences in project development and implementation, Senegal decided to involve civil society as an EE in the project itself. The programme is executed in collaboration between an NGO (Green Senegal) a local women's association (Dynamique-Femmes) and a public institution (the Environment Directorate). Furthermore, in the Steering Committee of the projects, representatives of the civil society are included.

According to respondents, four key effects of early civil society inclusion were crucial to the success of accreditation and project approval:

1. **Establish a relationship to build on:** Early inclusion of civil society helped to establish good contact with national civil society organisations. The relationships established at this stage were useful for making later decisions about adaptation projects.

[90] Bugler, W./Rivard, B. 2012: Direct access to the adaptation fund. Lessons from accrediting NIEs in Jamaica and Senegal.
[91] Ibid.

2. **Civil society as 'early warning system':** In its ability to publicly criticise and denounce NIE activities, NIE coordinator Dethie Soumare Ndiaye perceived civil society to be an 'early warning system'[92] used by the NIE, anticipating what would be criticised by civil society and taking preventive measures regarding theses issues.
3. **Transparency and credibility:** Interviewees highlighted the advantages of civil society acting as an independent judge of NIE activities, adding to project credibility.
4. **Build local support for the programme and ensure beneficiaries participation:** Earlier studies report that local community representatives interviewed spoke highly about their comprehensive involvement and conclude that, in particular, the involvement of very committed local NGOs (Green Senegal and Dynamique-Femme) "had evidently helped to build support towards the programme and to ensure beneficiaries participation".[93]

What to learn from Senegal?

Early inclusion of civil society can contribute significantly to successful accreditation and an efficient project development and implementation process.

5.2 South Africa: Testing enhanced direct access – The Small Grants Facility

The South African National Biodiversity Institute (SANBI) was accredited as South Africa's NIE in 2011. Having developed an Investment Framework, SANBI issued a call for project concepts at the of end of 2012. Two concept proposals were selected, and after endorsement by the AF in 2013, they were developed into full project proposals. While one project has the aim of 'Building resilience in the Greater uMngeni Catchment, South Africa', it was the second project – 'Taking adaptation to Small Grants Facility for enabling local level responses to climate change', that caught our interest.[94]

The Small Grants Facility (SGF) is a pilot project to test a mechanism for enhanced direct access in South Africa. The main objectives of SGF funds are to understand climate change impacts and to identify local climate change risk. The SGF will be administered by an executing entity (South South North – a South Africa NGO) and another local NGO (Conservation South Africa) supporting project development in Namakwa District. The organisation that will support project development in the Mopani District is still to be identified. This support role is crucial to ensure that projects can be submitted in the appropriate format while reflecting local adaptation options designed by beneficiaries themselves. A third and independent organisation is to be appointed to support some of the active learning process. As an organisation not engaged in disbursement of funds or in project development, it is envisaged that an open and critical learning process will accompany the implementation of SGF. The learning component also supports the qualitative and quantitative monitoring and evaluation component, providing important insights on the impact of implemented projects as well as assessing the effectiveness of the SGF and suggesting how a national roll-out of such a facility could be implemented.

[92] Interview with Dethie Soumare Ndiaye.
[93] AF 2012: Report of the Learning Mission to Senegal.
[94] Both projects were recently approved by the AFB in October 2014.

NIE director Mandy Barnett[95] has emphasised that the SGF prioritises active stakeholder engagement, in both its procedures and its funding decisions. The decision on three particular investment windows was based on a participatory vulnerability assessment identifying a set of stressors. The assessment process was characterised by a high degree of stakeholder involvement, facilitated by six community workshops, two community group meetings, and several meetings with organisations from different sectors (eg, health, water). Revealing limited community capacity, the grant provided close to 70% of the funding to the actual project while the remainder was for capacity-building, always embedded into existing infrastructures. In this way it is hoped to establish communities of practice at the project sites. The SGF, moreover, places special emphasis on gender. Women are integrated into the management structure – and, what is even more important, they play an active part in project design, rather than being simply beneficiaries.

Barnett describes the SGF as an effective and transparent way to channel money to communities. Through the NIE Steering Committee, there is support from government to explore how to scale up this process nationally should the pilot be successful. Barnett is very positive regarding SGF success so far.

What to learn from South Africa?

The applicability of enhanced direct access may be tested on a local scale that later can be scaled up on national level.

5.3 Rwanda: Scaling up NIE adaptation efforts with a domestic fund

The Rwandan Ministry of Natural Resources (MINIRENA), Rwanda's NIE, was initially registered with the AF in August 2010; accreditation followed on 9 February 2012. Only subsequently did MINIRENA become aware that it was necessary to submit a proposal to the AF before funding would be provided. Following accreditation, a team from MINIRENA underwent training in relation to the functional modalities required for disbursement of AF funds. The process of accessing funding lasted from February 2012 until November 2013. In 2012, MINIRENA was able to access a grant of $30,000 for project development from the AF, and the proposal development process took most of 2012. The proposal was revised twice before it was approved. The final proposal was submitted in late 2012/early 2013 and approved in 2013.

A significant contribution to MINERWA's success in the project development process was FONERWA, a direct access fund for NGOs, districts, private sector and government that aims to achieve development objectives of environmentally sustainable, climate resilient and green economic growth and to benefit affected rural communities. FONERWA was established as the national instrument through which environment and climate change finance for Rwanda would be channelled, programmed, disbursed and monitored. MINIRENA is the national institution responsible for oversight of the Fund. As a national 'basket fund', FONERWA is an instrument to facilitate direct access to international environment and climate finance, as well as to streamline and rationalise external aid and domestic finance. Access to the Fund is open to line ministries and districts, charitable and private entities including businesses, civil society and research institutions. FONERWA's mandate is to fund climate and environment (including water, forestry and mining) initiatives. It is governed by a Management Committee consisting of the Permanent Secretaries of key ministries

[95] Interview with Mandy Barnett.

(MINIRENA, MINICOM, MINAGRI, MINALOC, MININFRA, and MINECOFIN),[96] the Director Generals of the Rwanda Environment Management Authority (REMA) and the Rwanda Natural Resource Authority; a representative of the Private Sector; and NGOs. The Fund provides expertise for proposal development, grants, low-interest loans, guarantees for loans, and loan funds for investment in innovative instruments. Its broad mandate and range of instruments provide FONERWA with a great deal of flexibility in co-designing appropriate funding packages for climate- and development-related interventions.

With its objective to channel resources to where they are most effective and to raise opportunities for climate change finance, FONERWA actively supported the process of project development in support of MINIRENA as the NIE. Fund Coordinator Alex Mulisa explained that FONERWA approached the NIE based on their experiences with project development processes, the potential to meet standards and related support needs of producing a quality proposal to AF.[97] A comprehensive discussion involving ministries and extensive consolidations how to meet fiduciary standards followed.

During the process of project development, FONERWA supported the NIE in two ways:

- **Technical expertise, particularly for the consultation process:** Alex Mulisa explained that FONERWA "helped to get the process right, and to invest resources right". The Fund provided technical backup, as it understood the core business. That enabled them to undertake needs-based communication with NIEs. FONERWA supported the NIE more practically with stakeholder consultations on the project side. A consultative process was followed to identify adaptation interventions for inclusion in the proposal to the AF. A problem-analysis approach was taken, and the process was undertaken by the Ministry (MINIRENA) and its affiliate implementing agencies (RNRA and REMA).98 A team from FONERWA contributed knowledge and expertise to the process as needed, and appears to have made a significant contribution in terms of capacity. Adequate information was available to initiate design of the necessary interventions, and was supplemented by data from an environmental impacts and social assessment process enabled by FONERWA;
- **Financial support:** FONERWA scaled-up the AF project formulation grant to allow a comprehensive, proper and unhurried project development phase.

With support from FONERWA, MINERWA drafted a well-developed concept note. As a result there were no great differences between the concept note and the full proposal that was finally approved. The project approved by the AFB on 1 November 2013 is entitled 'Reducing vulnerability to climate change in north-west Rwanda through community based adaptation'. Of the total grant of $9,969,619, an amount of $3,249,920 has been transferred to date.

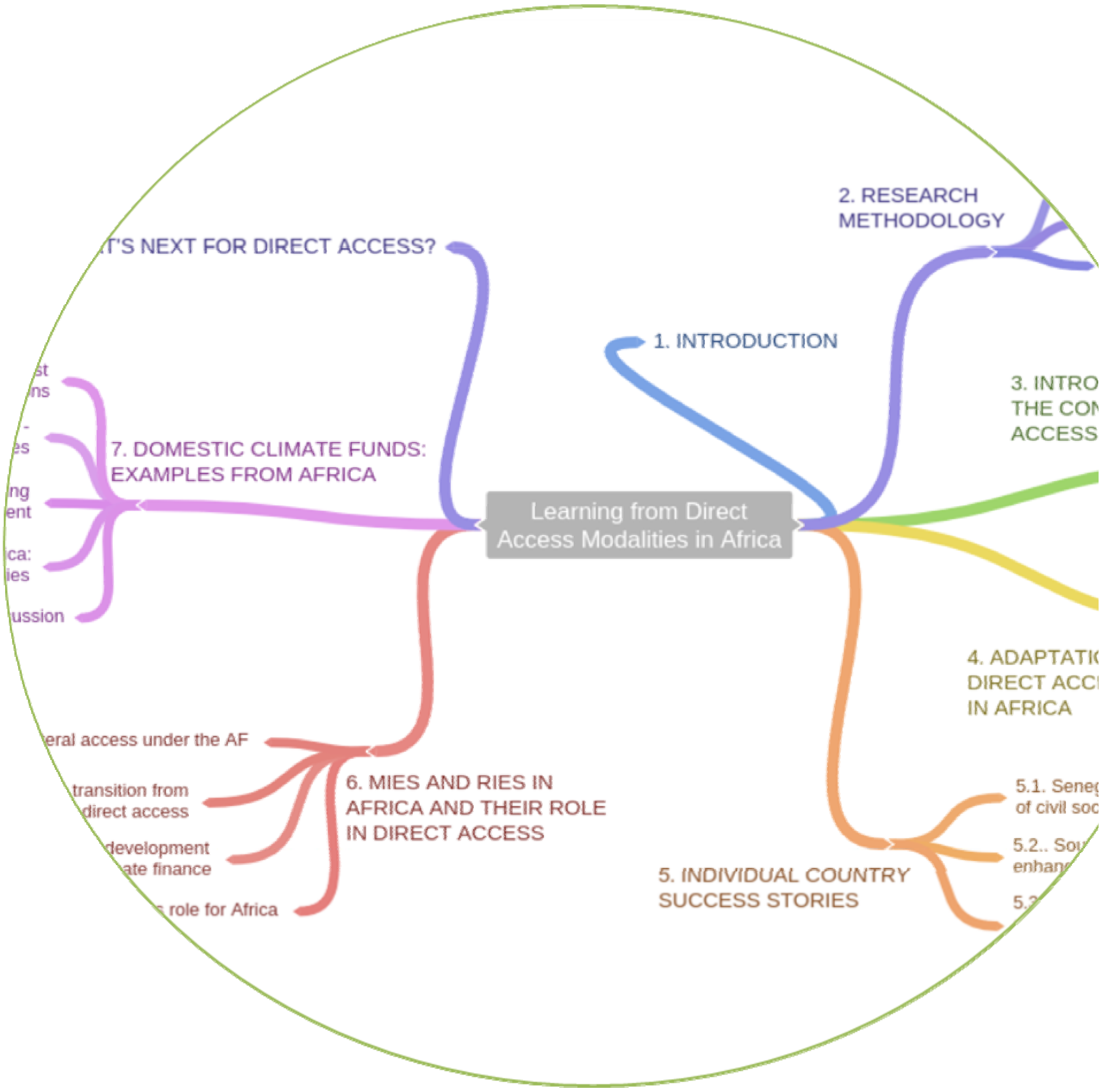
Having established FONERWA and an effective NIE, and being on the way to successful implementation of the AF-funded project, Rwanda anticipates being able to access funds relatively rapidly from the GCF.

What to learn from Rwanda

Identifying and using existing in-country experiences and existing capacities regarding core NIE challenges, particularly accreditation and project development can contribute significantly to a successful project development process.

[96] Ministry of Trade and Industry (MINICOM); Ministry of Agriculture (MINAGRI); Ministry of Local Governments (MINALOC); Ministry of Infrastructure (MININFRA); Ministry of Finance and Economic Planning (MINECOFIN).
[97] Interview with Alex Mulisa.
[98] Rwanda Natural Resources Authority (RNRA); Rwanda Environment Management Authority (REMA).

6. Chapter: MIEs and RIEs in Africa and their role in direct access



6. Chapter: MIEs and RIEs in Africa and their role in direct access

The information presented below was obtained from interviews with representatives from the African Development Bank (AfDB), the United Nation Programme for Environment (UNEP), the Sahara and Sahel Observatory (OSS), representatives of respective Ministries of Finance and Environment and national environmental councils, representatives of stakeholders and civil society in the project area as well as on insights gained during the Africa NIEs workshop in Nairobi, Kenya 2014. Basic information was gathered through a desk study.

Ideally, direct access and intermediated access should not be mutually exclusive – recipient countries should be in a position either to choose the access modality that best fits their circumstances (in which case, direct access is an option, but not a priority) or to utilise internationally intermediated access in the early stages, and then make a transition to direct access (in which case, direct access is the overarching priority).[99] However, MIEs[100] need to be aware that some stakeholders see a conflict regarding various intermediary organisations in project implementation (including economic and political incentives), which could seem to militate against the vigorous and unbiased promotion of the direct access modality.[101]

As shown in Table 8, in Africa there are currently eight MIE projects approved by the AF. Four projects supported by UNDP are under implementation in Djibouti, Eritrea, Mauritius and Seychelles. Two additional projects are implemented by the WFP in Mauritania and Egypt. UNEP is in charge of two projects in Madagascar and Tanzania. Two additional UNDP-guided projects in Mali and Ghana have been technically cleared, however are waiting for approval (see Box 1).

[99] Ibid.

[100] For sake of clarity, it is important to mention that, in the context of the AF, MIEs are multilateral institutions and regional banks that meet the fiduciary standards provided by the Board. MIEs, chosen by eligible parties to submit proposals to the Board, will bear full responsibility for the overall management of projects and programmes financed by the AF, as well as for all financial, monitoring and reporting responsibilities. AFB 2013: Operational Policies and Guidelines (Amended in November 2013).

[101] The World Bank was criticised for its role in a potential AF project in the Philippines, which triggered the Bank to release a clarifying press statement. See: Institute for Climate and Sustainable Cities 2010: Climate Sabotage: World Bank moves to tap UN Adaptation Fund on behalf of the Philippines, undermines country's direct access to the fund; and "World Bank 2010: World Bank Statement Regarding the Climate Change Adaptation Fund".

Table 8: Multilateral access in Africa: Status quo

Implementing Entity	Status Project		
	Country	Title	Status
United Nations Environment Programme (UNEP)	Tanzania: Project approved 2011	Implementation Of Concrete Adaptation Measures To Reduce Vulnerability Of Livelihood and Economy Of Coastal Communities In Tanzania	Funding started 2011
	Madagascar: Project approved 2011	Promoting Climate Resilience in the Rice Sector	Funding started 2011
United Nations Development Programme (UNDP)	Eritrea: Project approved 2011	Climate Change Adaptation Programme In Water and Agriculture In Anseba Region, Eritrea	Funding started 2011
	Mauritius: Project approved 2011	Climate Change Adaptation Programme in the Coastal Zone of Mauritius	Funding started 2011
	Djibouti: Project approved 2012	Developing Agro-Pastoral Shade Gardens as an Adaptation Strategy for Poor Rural Communities	Funding started 2012
	Seychelles: Project approved 2012	Ecosystem Based Adaptation to Climate Change	Funding started 2014
	Ghana: Technically cleared in 2013	Increase Resilience to Climate Change in Northern Ghana through the Management of Water Resources and Diversification of Livelihoods	Pipeline since April 2013
	Mali: Technically cleared in 2013	Programme Support for Climate Change Adaptation in the vulnerable regions of Mopti and Timbouctou	Pipeline since July 2013
United Nations World Food Programme (WFP)	Egypt: Project approved 2012	Building Resilient Food Security Systems to Benefit the Southern Egypt Region	Funding started 2012
	Mauritania: Project approved 2012	Enhancing Resilience of Communities to the Adverse Effects of Climate Change on Food Security in Mauritania	Funding started 2012

(Source: Author compilation)

In this chapter, we seek to shed light on the role of internationally intermediated access and direct access in Africa. We compare insights from Tanzania – the only African country in the AF-Network that implements an MIE project – with discussion with representatives and staff members of other MIEs such as the AfDB. We complement these views with arguments from the literature and international discussions at AFB level. The first section will attempt to explain why MIEs, despite the possibility of direct access offered to countries by the AF, have dominated the AF portfolio in term of projects approved. What is a country's motivation to choose internationally intermediated over direct access? In posing this question, particular attention is given to practices used by MIE in submitting and implementing adaptation projects under the AF. Next we will explore the notion of transition from internationally intermediated access to direct access. What are the perceptions of such a transition? How, for instance, can project implementation be a catalytic instrument to provide capacity building for NIEs to better understand AF policies, procedures, safeguards and standards? The third section will focus on the issue of MIEs directly supporting the set-up of NIE applicants for accreditation and their role in broader capacity-building. Finally, we will turn to RIEs and discuss their interplay with direct access.

As stated above, as part of the interview process through AFN partner countries we covered national perspectives from Tanzania. The Tanzanian AF project aims at implementing concrete adaptation measures to reduce the vulnerability of livelihoods and the economy of coastal communities in Tanzania. We extended empirical data through a desk review and interviews with representatives of the AfDB and UNEP. Given the limited scope of interviews in countries of implementation, we have refrained from wide generalizations as some of the reported challenges depend on national circumstances.

6.1 Rationale for multilateral access under the AF

Discussion of advantages and disadvantages of internationally intermediated access

Under the AF, a group of parties may nominate regional and sub-regional entities as implementing entities (RIEs/SRIEs), as well as MIEs. There are several reasons why developing countries are engaging with international intermediaries for climate finance. Table 8 summarises some of the advantages and challenges reported in the literature.

Table 9: Advantages and challenges of intermediated access

Advantages	Challenges
▪ Utilisation of intermediaries' expertise (including high fiduciary standards and safeguard policies; substantial sector-specific experience) ▪ Positive perceptions of recipient countries of being associated with well-known and respected regional and international organisations	▪ High transaction costs ▪ Fees paid to intermediaries and long processing times for disbursements/generation of reports, etc. ▪ Tendency to work with own structure instead of engaging with local entities and staff ▪ Potential limited opportunities for transfer of technical know-how to local institutions ▪ Potential of restricting meaningful participation by civil society organisations in consultative processes

(Source: AF 2013: Annual Performance Report: FY 2013; IGES 2011: Access Modalities for the Green Climate Fund: Lessons from the Existing Financial Mechanisms)

Government officials in Tanzania confirmed that the decision on MIE project implementation came about because accreditation of an NIE was not achievable at that time. There was high expectation of securing AF funding through an MIE. The specific choice to submit the project through UNEP as the favoured MIE was based on several factors. Synergies in the implementation of National Adaptation Programmes of Action (NAPA) projects funded by the Least Developed Countries Fund (LDCF) was among the highest ranked. The project focuses on a similar problem and follows a similar implementation arrangement, including the same Project Steering Committee. In addition, there was already experience around the UNFCCC-mandated Technology Needs Assessment for Tanzania that was implemented through UNEP. Also, according to country officials, UNEP has a track record in overseeing similar projects and expertise in the field of coastal adaptation measures.

Representatives from MIEs, responding to the question of why to engage with countries on MIE projects, mentioned capacity bottlenecks – especially in LDCs – as the major motivation. In order to swiftly respond to urgent adaptation needs, countries with low capacity, and also small islands states, will be using the MIE pathway in the near future. Representatives confirmed that the project development phase benefits from technical support that can be facilitated either directly through technical teams at headquarters or regional level, or through international consultants. Major factors determining the exact forms of support are, for example, the language in the country of operation.

However, UNEP, like the AfDB, as an MIE has decided to stop submitting proposals to the AF, as a consequence of the established funding cap for the MIE pipeline (Box 1). The AfDB was accredited in September 2011, however, has to date not managed to go beyond its accreditation and submit projects to the AF on behalf of African countries. According to the interview this reluctance, according to the interviews, is partly due to the 50% MIE cap and the uncertainties linked with the financial situation of the AF. One must note, however, that the 50% cap was enforced only in late 2012. Since its accreditation in 2011 AfDB hence had the opportunity to submit proposals to four AFB meetings. In view of the questioned MIE representatives, however, it was clear that this is not based on a fundamental strategic decision about their role in climate finance. Rather, it is a practical step to respond to funding constraints at AF level in order to manage expectations with partner countries.

Box 1: The MIE cap

In response to lower than expected resources, due to CER monetisation, the AFB in 2011 at its 12th meeting considered a number of options to promote and facilitate access by NIEs to its resources. It was decided that the cumulative budget allocation for funding projects submitted by MIEs should not exceed 50% of the total funds available from the AF Trust Fund at the start of each session. The cumulative allocation is subject to ongoing review.
As a consequence, the AF had to set priority funding criteria for approved MIE proposals. At its 17th meeting, the Board decided to prioritise projects/programmes in the pipeline by sequentially applying the following criteria: 1) their date of funding decision; 2) their submission date; and 3) the lower 'net' cost.

Table 10: Pipeline of MIE projects as of November 2014

Pipeline of MIE projects							
Order of priority	Country (MIE)	Recommendation date	Submission date	Net cost, US$ M	Finance requested, US$ M	Cumulative, US$ M	Not funded
1	Ghana (UNDP)	04.04.2013	28.01.2013	7,64	8,29	40,15	8,29
2	Mali (UNDP)	04.07.2013	24.04.2013	7,86	8,53	48,68	16,82
3	Nepal (WFP)	31.10.2013	26.08.2013	8,78	9,53	58,21	26,35
4	Indonesia (WFP)	20.03.2014	13.01.2014	5,52	5,99	64,2	32,35

(Source: AFB 2014: Joint Report by the Secretariat and the Trustee on the Status of the Pipeline)

Tanzania has initiated the accreditation of its NIE to the AF. The envisaged NIE is the National Environment Management Council (NEMC). Together with the Ministry of Finance and the Tanzania Commission for Science and Technology, NEMC was asked early in 2012 to become a potential NIE. Almost 12 months later, NEMC's application to become an NIE was forwarded to the AFB. NEMC received three rounds of enquiries from the AFB and submitted relevant documentation.[102] The accreditation process is ongoing. In this chapter we analyse why Tanzania should engage in the process of acquiring accreditation for an own NIE, despite the fact that its AF project is going through a parallel process of implementation through an MIE. Respondents from the Ministry of Finance and the Vice President's Office-Division of Environment stated two major reasons why Tanzania would like to establish its own NIE, in addition to the general view that a country should have direct access to climate finance: 1) MIE project management fees are consistently higher than those of comparable NIE projects, and 2) there are additional and prolonged communication, decision-making and project reporting requirements from MIEs.

1) MIE project management fees are consistently higher than those of comparable NIE projects. As Figure 11 by the AF Secretariat shows, MIE management and execution fees are roughly 1.5 times higher than those of NIEs. The execution cost percentage is calculated as the cost of project execution relative to the total project cost. The total project cost includes the cost of the project activities as well as the project execution costs, but excludes the implementation costs charged by the IEs. The implementation cost percentage is calculated as the cost of project implementation relative to the total project cost

It is noteworthy that only in exceptional cases, where the MIE is performing both implementing and executive role, all projects have not exceeded the cap requested by the AF. The AF has capped the executing fees and implementation fees at 9.5% and 8.5%, respectively

The implementing fees for NIEs are consistently lower than those charged by MIEs, with three NIEs charging less than 5.5%. For the ten countries in the SSA region, UNDP and UNEP have charged an 8.5% management fee in all cases, while the Ministry of Natural Resources in Rwanda charged 6.4% and CSE in Senegal charged 5.1%, the lowest management fee rate recorded so far under the AF. This difference between MIE and NIE fees may be a contributory factor behind the political interest in the direct access model.

While Figure 11 gives us an indication that NIEs are more cost effective than MIEs, it is yet to be seen how they will perform and achieve their objectives. As all AF projects are in the implementation phase, it is not possible to reach any general conclusions at this stage.

Figure 9: Proportion of administrative costs in total project budget

[102] This information is based on an interview with Lilian Lukambuzi of the NEMC, the entity which applied for accreditation as the NIE for Tanzania.

2) There are additional and prolonged communication, decision-making and project reporting requirements from MIEs: Interviewees in Tanzania included discussions on the issue of severe delays. The endorsement of the project itself was heavily debated at AFB level, requiring not less than five submissions before the AFB was able to approve the project in December 2011. Due to the delays, a consultant had to be engaged to conduct a new baseline survey to describe the current situation at the time of the final submission, because the original baseline had been developed more than four years previously. Respondents added that there was also a delay in the start of implementation of the project after approval and signing of the agreements between the IE and EE.

According to respondents in Tanzania, the delays were due to MIE centralisation. Project coordination is done at headquarters with only light engagement in Tanzania (one officer). Respondents felt that issues with communication and decision-making processes contribute to the delays.

While we should refrain from generalising using the Tanzania example, observation by the AFB Secretariat seems to suggest there is a difference in the time that NIEs and MIEs take from proposal endorsement to project inception. This is not necessarily a fault of the MIE agencies. Statements by MIE representatives say that delays are often caused by key personnel changes (at both political and technocrat level) in the host country. It was also reported that the level of responsiveness in national ministries is often very low and bureaucracy is high. Additionally, the especially designated authorities are often not politically empowered to take certain decisions – if they were empowered, this could facilitate a smoother implementation phase.

From the research one can certainly assume there are several reasons, why – despite the opportunity of direct access to the AF– developing countries have approached MIEs to submit and implement projects on their behalf. As the services provided by MIE are demand driven, it stands to reason that there is an ongoing need for African countries to harness the expertise of the MIEs. This is particularly relevant in those cases where the accreditation of national entities in the near future is not realistic, because of a range of potential shortcomings. The choice of MIE to submit and manage projects funded by the AF seems to be part of a short-term strategy of developing countries to address urgent adaptation needs. In the longer term, however, there is an understanding that countries are striving to accredit their own institution and strengthen the national climate finance institutional set-up so as to be better equipped themselves to address the impacts of climate change.

Some challenges in accessing climate finance under the AF are specific to MIEs. On the other hand there are massive challenges to be overcome related to the low institutional and human capacities in poor countries, before an appropriate national institution can be identified, upgraded and strengthened to meet the AF standards.

Insights from Tanzania show that people differentiate between the short-term and long-term goals of a country when it comes to access modality issues. The representative from the Ministry of Finance explained that mobilisation of resources for urgent adaptation needs in the short term could be achieved through MIEs, while at the same time the country is building the capacity of Ministries, Departments and Agencies for longer-term NIE accreditation.

6.2 Active transition from multilateral to direct access

One of the main issues that came up in the interviews and during the workshop held in Nairobi relates to the question of how the transition from multilateral to direct access in developing countries could be more purposeful and better managed. As we have seen, the choice of a MIE to implement a project on behalf of a country does not mean that this country does not wish to accredit its own institution, or to explore other access modalities beyond intermediary access.

Under transition in this part of the report, we refer to the conversion process of countries from multilateral to direct access. We are especially interested in understanding if and how this transition could be more purposefully managed, so as to ensure a smooth transition to national accreditation, whilst enjoying specific capacity support from MIEs.

The AFB is relatively silent on this topic. There is neither guidance nor internationally formulated expectation on this particular issue. From the mandate, the AF is to finance concrete adaptation projects and not necessarily provide capacity building support for NIE accreditation. However, the AF has to some extent been funding capacity building, but integrated as a component of concrete adaptation projects, and not directed at institutional capacity building for NIEs.

The AF's decision on a Readiness Programme for Climate Finance is also an attempt – despite its financial constraints – to address the capacity constraints of some countries. This programme aims to help strengthen the capacity of national and regional entities to receive and manage climate finance, particularly through the AF's direct access, and to adapt and build resilience to counter changing climate conditions in sectors ranging from agriculture and food security to coastal zones and urban areas.[103]

While Tanzania is a real case of a transition to direct access, interviews didn't give an indication that this process was actually actively managed by the MIE in the country. In the interview with a MIE representative from UNEP, he agreed to the notion of active transition. It remains to be seen how things will evolve, once Tanzania’s NIE is accredited.

Generally, however, many MIEs such as UNEP are in a strategic space to facilitate a transition. First, they know the landscape of actors in the country and work with them on a regular basis. Second, they have their own accreditation and project implementation experience. And third, they often have a support mandate and, in many cases, resourced capacity-building projects. The UNEP representative described this strategic space as ‘the role to connect the dots’.

The steps for an active transition from multilateral to direct access under the AF could include general steps such as a NIE (accredited or prospective) playing an active role in the project development cycle of a MIE project in the relevant national boundaries. It could include a regular exchange on the operation of the projects, or a role in the preparation of the annual performance report. Importantly, the NIE would be included in the knowledge management processes, including monitoring and evaluation missions.

For MIEs, the steps above would give a sense of the capacity needed in the country, when the transition becomes effective. In addition, useful information and expertise could be gained that could be beneficial for MIEs in developing further support programmes for the relevant countries.

[103] AF 2014: Readiness Programme for Climate Finance – an Adaptation Fund initiative.

6.3 MIEs and their role in capacity development for NIE access and climate finance

Some agencies that act as MIEs, as well as other agencies, already have a history of providing capacity-building support for the accreditation of NIEs. A joint UNDP, UNEP and WB support programme to assist countries in establishing direct access was initiated in 2010.[104] Supported countries in Africa were Namibia, Mozambique, Burkina Faso and Uganda. Unfortunately, there is no overlap with the countries in which we conducted interviews so it is not possible to draw any conclusions from national interviews regarding the interplay between capacity-building provider and national governments.

Taken at face value (number of accredited institutions), the support programmes have not been particularly successful, especially in Africa (Namibia is the only country to date to our knowledge that received targeted support and has since acquired direct access status). This UNDP, UNEP and WB programme, however, generated a plethora of lessons learned and experiences.[105]

6.4 RIEs – still defining their role for Africa

The discussion on the matter of RIEs was initiated at AFB level in 2010 at the 13th meeting of the AF. RIEs are positioned between MIEs, and NIEs. So far, the AF does not allow regional projects, yet the idea of a regional pilot project was approved at the 24th AFB meeting in October 2014.[106] In its 24th meeting, the AFB decided to initiate steps to launch a pilot programme on regional projects and programmes, not to exceed US$ 30 million. This pilot programme will be outside of the consideration of the 50% cap on MIEs and the country cap. RIEs and MIEs that partner with NIEs or other national institutions would be eligible for this pilot programme. The AFB will request the AFB Secretariat to prepare for the consideration of the AFB, before the 25th meeting of the AFB, a proposal for such a pilot programme based on consultations with contributors, MIEs, RIEs, the Adaptation Committee, the Climate Technology Centre and Network, the Least Developed Countries Expert Group and other relevant bodies and in that proposal make a recommendation on possible options on approaches, procedures and priority areas for the implementation of the pilot programme.[107]

So far, two African institutions have acquired RIE status under the AF: the West African Development Bank (BOAD), and the Sahara and Sahel Observatory (OSS).[108] We undertook an interview with a representative of the OSS to obtain a self-assessment of a RIE and to draw conclusion regarding this AF pathway. BOAD, however, was not available for an interview. They requested us to interview the consultant, which supported the bank throughout the accreditation process. The consultant, however, was not available for an interview by skype or for, referring to issues of confidentiality and conflict of interest as reason. The following hence refers to OSS.

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[104] UNDP/ UNEP/ World Bank 2010: Direct Access to the Adaptation Fund NIE support programme.

[105] Ibid. See also: http://www.unep.org/climatechange/adaptation/AccessToAdaptationFinance/UDASP/DirectAccessSupportProgrammeandServices.aspx.

[106] See decision B.24/30 in: AFB 2014: Decisions of the twenty-fourth meeting of the Adaptation Fund Board.

[107] Ibid.

[108] The Sahara and Sahel Observatory (OSS) is an independent intergovernmental regional organisation officially established in 1992 based in Tunis, Tunisia. OSS, composed of 22 African and five non-African member countries, as well as ten member organisations, acts as an initiator and facilitator of partnerships around common challenges related to the management of shared water resources and the implementation of multilateral environmental agreements, including those on desertification, biodiversity and climate change.

The interview revealed that the OSS sees three roles for its institution:

1. **Facilitating access of member countries to the AF:** Pursuant to its role as an RIE, the OSS sees a role in facilitating the access of its member countries to the AF by submitting project proposals to the AF on their behalf. The role of OSS as an RIE is to inform member countries of the opportunities for funding through the AF and to offer its services as an IE. During the implementation of the approved project, the OSS as the IE, would be in charge of overall project oversight, the financial audit and follow-up of the M&E. Concerning the development of the concept note and the project proposal, the OSS as an IE would provide information on AF selection criteria and ensures that the main criteria and standards are met (for example, environmental and social policy, AF Results Framework, consideration of national priorities identified in the NAPA and the National Adaptation Plan [NAP]).
2. **Capacity-building in member countries:** The OSS has a role in capacity-building on climate change adaptation – not only channelling adaptation finance but also acting as an executing agency or backstopping centre providing wrap-around services such as specific training and technical assistance. The OSS could support capacity-building by sharing its experience and knowledge in the development and implementation of regional programmes and projects. Strengthening capacity in African member states regarding NIE accreditation and project development could be an integral part of that. The OSS has already begun to identify the needs and expectations of its member countries. In 2013, it conducted a survey to identify key priorities and areas where support is needed.[109]
3. **Implementing regional, cross-border projects:** The OSS would like to to prepare and implement trans-boundary projects for cross-border problems (eg, climate migration). There are many issues that require regional coordination, such as rangeland or water resource management, as the problems are not confined by national boundaries but defined through natural boundaries determined through the climate, the water basin, the geomorphology, etc. Besides this necessity for regional management of trans-boundary issues, regional cooperation presents an opportunity to make efficient use of resources, to avoid duplication and to foster harmonisation and pooling of resources. By setting up reliable information systems, the OSS contributes to bridging the information gap that is hindering adaptation efforts in the region. Interviewees shared great uncertainties regarding this potential role. They highlighted that pooling of resources via RIEs can have many advantages.

One point to bear in mind is that alone one regional project submitted by a RIE, such as OSS on behalf of 10 countries, could potentially exhaust all the funding available within the AF. In addition, funding regional projects will require much more guidance from the AF, because regional projects, in the strict sense, are very few in the field of adaptation. Furthermore, the AF will need to clarify the implementation arrangements for regional projects, the disbursement and allocation criteria of resources among participating countries, as well as the application of the county cap in the context of regional projects.

[109] OSS online survey to identify the needs of member countries
French: https://fr.surveymonkey.com/s/OSS_fond_dadaptation;
English: htps://fr.surveymonkey.com/s/adaptation_fund_survey.

Summary: MIEs and RIEs in Africa and their role in direct access

General

- The introduction of the 50% cap and the subsequent queuing of approved MIE projects in the pipeline awaiting funding has led MIEs to disengage with submitting projects to the AF.
- The choice of access modality (intermediate or direct) is subject of a strategic discussion and mostly depends on the experience of the relevant countries with the different MIEs. The access modalities offered by the AF are not mutually exclusive and it is at the discretion of countries to select the most suitable access modalities given their national circumstances. Basically, all interviewed partners strive either to accredit their NIEs, or to take advantage of NIE accreditation by submitting tangible and fundable projects to the AF.
- Country intentions to accredit their own institution as a NIE is often part of a long-term strategy. However, countries often opt for intermediated access in the short-term, in order to be able to address their urgent adaptation challenges. Countries therefore choose the MIE channel, while at the same time identifying, upgrading and strengthening their relevant institutions in preparation for NIE accreditation.
- Reasons of delays in implementing projects can be attributed to both:
    - **Country systems:** lack of skilled institutions and human capacity, political change within government, high bureaucracy and very poor empowered NDAs.
    - **MIE issues:** lack of knowledge and understanding of national stakeholders engaged in climate finance, lengthy procurement procession, light representation of MIE in project countries, and strong reliance on one or two people to manage the service provided
- Procurement procedures are time consuming. The earlier these are taken into account, ideally during the proposal development process, the less time is lost at the start of implementation. Given the importance of this process, it is advisable to NIEs to hire dedicated staff to handle procurement.

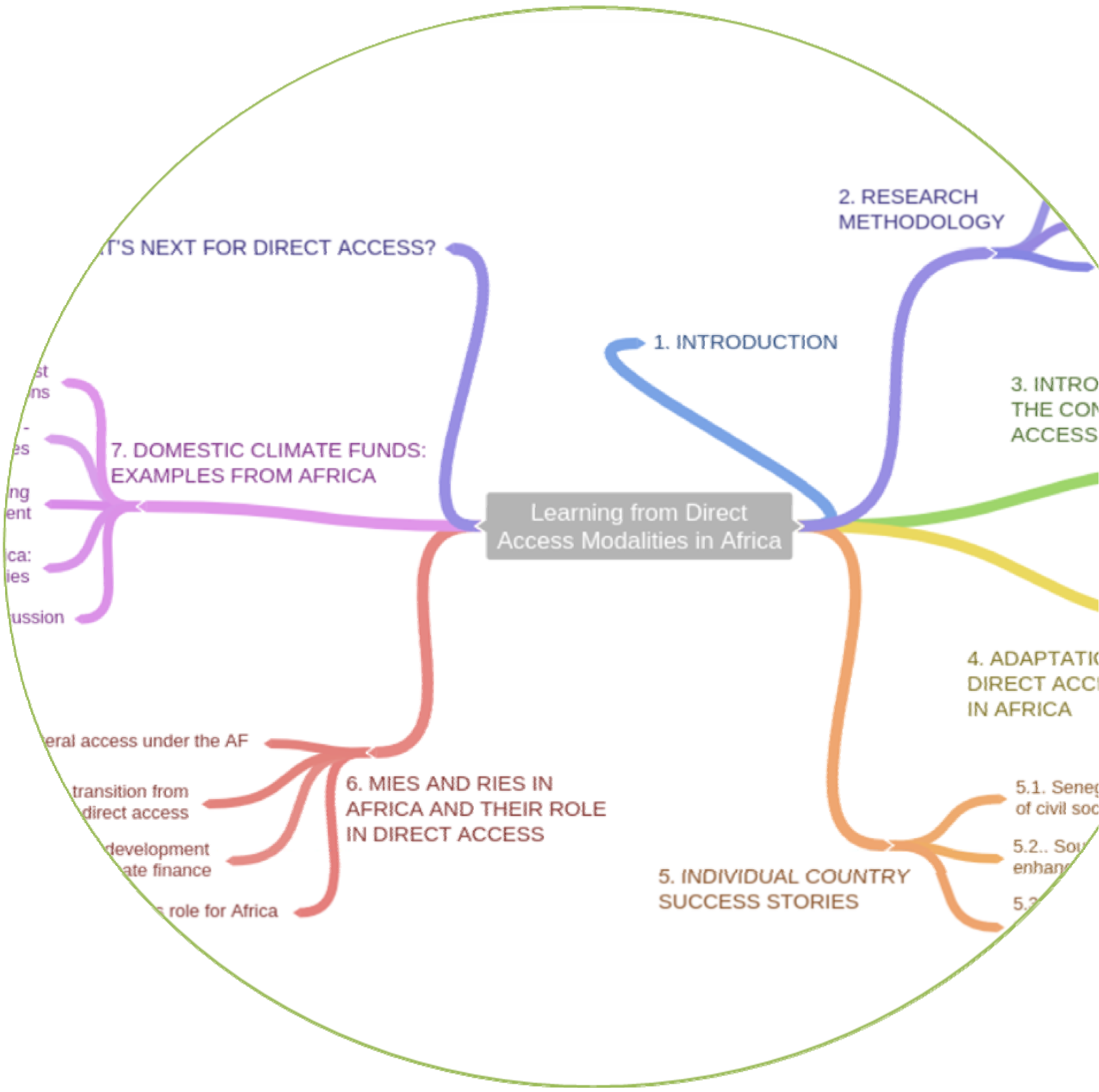
RIEs

- RIEs are starting to engage in African countries.
- However, RIEs currently perform a similar role to MIEs. The development of regional projects and programmes under the AF is hampered by a lack of political guidance and uncertainties at AFB level.

Transition from intermediated to direct access

- While there is general agreement on the notion of transition from intermediated to direct access through NIEs there is a lack of tangible processes to manage this, for instance through direct programme involvement of prospective NIEs in MIE projects.
- There is a need for the AFB to provide further guidance on how countries could transition from intermediated to direct access: knowledge-sharing among members.

7. Chapter: Domestic climate funds: examples from Africa



7. Chapter: Domestic climate funds: examples from Africa

The international climate finance landscape is fragmented, with a number of funds established under and outside the UNFCCC pursuing different objectives, applying different allocation frameworks and eligibility criteria, and offering different access modalities. In response to difficult access to climate finance, and to a growing need to better integrate climate policy and action in the overall government portfolio, some countries have created domestic climate funds (DCFs) in the hope that their intervention will help the countries and their different stakeholders to set national priorities and implement them with international and national sources of finance for climate change. Importantly, they often break down the silo between mitigation and adaptation, and instead support greater green growth and climate resilience objectives.

This chapter takes a deeper look at DCFs in four African countries: Rwanda, Benin, Ethiopia and South Africa. The aim is to gain a comprehensive overview of the different factors of success. Each case study is structured in the same way. We start by describing the fund's ***circumstances of establishment*** (Why was the fund set up? What was the process of establishment?), afterwards take a closer look at the ***policy level*** (What is the fund's overall vision? How was the fund aligned with national strategies? What kind of political support was provided). In the next step, we focus on the ***institutional level***, describe the ***institutional integration*** (What is the fund's institutional arrangement), as well as the ***governance structure*** (How does the fund integrate stakeholders?) and the ***management of the funding*** (How is the funding managed? Where does the money come from? Who can access the fund? What is the funds disbursement mechanism (incl. project identification and decision-making)? For how many projects was funding granted until today? How is M&E organised within the fund?) Subsequently, the ***organisational and individual level*** is analysed (What is the expertise of involved organisations? How is capacity building organised? What were soft factors for successful establishment?). A ***final outlook*** deals with the question: What's next for the fund?

In addition, we aim to highlight elements that are specific to the DCF, yet which allow for wider conclusions in the discussions around domestic funds. For Ethiopia, we highlight the DCF and its impact on mainstreaming the climate change imperative into the development agenda. South Africa has the only domestic fund that owns blending abilities, which require different, more complex and specified financial capacities – that is, banking functions – therefore restricting the type of institutions at national level that can be involved. And finally, Benin should be explored in terms of its funding mobilisation through a national eco-tax.

7.1 FONERWA – Rwanda: catalyst for climate finance institutions

The information presented below was obtained from interviews with Alex Mulisa, FONERWA coordinator, Jahan Chowdhury, FONERWA design project team leader, and Jon Macartney, from CDKN Rwanda for the FONERWA Capacity Building Project, as well as through a desk study.

7.1.1 Description of circumstances

In response to the growing environment and climate change financing needs, the government of Rwanda (GoR) in 2012 made operational the Environment and Climate Change Fund (FONERWA)[110] that was provided for in the Organic law in 2005. The Fund represents a cross-sectoral financing mechanism through which environment and climate change financing is channelled, programmed, disbursed and monitored, aiming to achieve development objectives of environmentally sustainable, climate resilient and green economic growth.[111] As a national 'basket fund', FONERWA is an instrument to enable and facilitate access to international funds as well as to simplify and coordinate external aid and domestic finance.

The need for a fund began to evolve at the start of the 2000s. The GoR established FONERWA as a sustainable financing facility to ensure successful implementation of its Green Growth Climate Resilience Strategy (GGCRS). Organic Law No. 04/2005 called for the establishment of the Fund, and the FONERWA law formalised the Fund's key characteristics, financial structure, patrimony, functioning and eligibility criteria for support.[112] The specific FONERWA law of 06/2012, moreover, mandated the formation of a FONERWA Managing Committee (FMC) and a Fund Secretariat.[113]

The FONERWA design process was steered by GoR through the core design team and guided by alignment with the FONERWA law, to reflect FONERWA's national character and national priorities for environment, climate and development, and to meet financing needs for environment and climate change projects and programmes that would demonstrate high value for money.[114] Based on national, cross-sectoral environment and climate assessments, plans and strategies (eg, the 2011 GGCRS, the 2006 National Adaptation Programme of Action, the State of the Environment Report 2009, and the 2011 Second National Communication to UNFCCC),[115] potential fund investment areas were identified. Recommendations and priority actions from each of these assessments fed directly into the overall design of FONERWA's four thematic financing windows: 1. Conservation and Sustainable Natural Resource Management; 2. R&D and Technology Transfer and Implementation; 3. Environment and Climate Change Mainstreaming; 4. Environmental Impact Assessment Monitoring and Enforcement.

The Fund defined its objectives based on robust nationally driven consultation processes that took into account emerging best practice in international climate finance architecture (eg, interviews with national funds in Ethiopia, Indonesia and Bangladesh).[116] The Fund's key objective lies in contributing to sustainable wealth creation and poverty reduction in Rwanda through sustainable management of natural resources, climate resilient and green economic growth aimed at strengthening national programmes and private sector initiatives in the area of current and future environment and climate change, and development-related challenges and opportunities.[117] FONERWA's mission, therefore, is twofold: 1) to mobilise and manage resources for achieving environmental sustainability, climate resilience and green growth in order to promote Rwanda's short-, medium- and long-term sustainable development goals; and 2) to fund projects and programmes

[110] The French acronym FONERWA means 'fund for environment and natural resources for Rwanda'. Through the FONERWA Law (Organic Law No. 4/2005), it has taken on the additional meaning of was made operational as the environment and climate change fund for Rwanda due to the increasing importance of climate change to Rwanda's economic development.
[111] CDKN 2012: Sustainable financing mechanism for environment and climate change initiatives in Rwanda.
[112] REMA 2010: Operationalisation of National Fund for Environment (FONERWA) in Rwanda.
[113] Ibid.
[114] REMA 2012: Final Report. Government of Rwanda. Environment and Climate Change Fund (FONERWA) Design Project.
[115] Ibid.
[116] Ibid.
[117] Ibid.

run by the public and private sectors as well as by development support organisations that produce results contributing to these objectives.[118]

The fund can be accessed by line ministries, government agencies, districts, CSOs including academic institutions, and the private sector, as long as the proposed interventions are in compliance with the Fund's eligibility criteria.

FONERWA is supervised by the Ministry of Environment and Natural Resources (MINIRENA) and is governed by a FONERWA Managing Committee (FMC) consisting of key representatives of key Ministries (MINIRENA, MINICOM, MINAGRI, MINALOC, MININFRA and MINECOFIN)[119] and the director generals of the Rwanda Environment and Management Authority (REMA) and the Rwanda Natural Resource Authority; a representative of the Private Sector; and a representative of non-governmental organisations (NGOs). Prior to reaching FMC level, project proposals are screened by the FONERWA Secretariat as well as the Fund Technical Committee (FTC) which also consists of representatives from primarily the Ministry of Finance and Economic Planning and Research (MINECOFIN), the private sector and civil society.

FONERWA has been operational since October 2012. The first round of proposal submissions were accepted in July 2013, and to date over 600 eligible project proposal documents (PPDs) have been received.

7.1.2 Policy level

FONERWA can be regarded as an innovative environment and climate change fund, whose purpose is to play a crucial role for the next 50 years in supporting Rwanda's green growth.[120]

Political leadership for FONERWA was evident at the highest levels of government with key champions within various government structures.

Both the overall vision and the Fund's outcome are compatible with the priorities in Rwanda's latest GGCRS, national and sub-national sector strategic plans, and other plans and strategies. To achieve the vision, FONERWA will deliver the following results; the financing windows (see above) correspond to these areas:

Results pillar 1	Results pillar 2	Results pillar 3
Conservation and management of natural resources strengthened and sustained	R&D and technology transfer and implementation facilitated and utilised	Environment and climate change issues mainstreamed into policies, programmes, plans, budgets and activities for public and non-public agencies

In terms of ensuring alignment with national strategies, priorities and policies, it is noteworthy that FONERWA was identified as the sustainable financing mechanism for the newly adopted Climate Resilience Strategy (GGCRS), which further reinforces the abovementioned vision.[121] The Climate Resilience Strategy outlines how adaptation and mitigation actions can be integrated across all

[118] See FONERWA website http://www.fonerwa.org/.
[119] Ministry of Trade and Industry (MINICOM), Ministry of Agriculture (MINAGRI), Ministry of Local Governments (MINALOC), Ministry of Infrastructure (MININFRA), Ministry of Finance and Economic Planning (MINECOFIN).
[120] See FONERWA website http://www.fonerwa.org/about/.
[121] Republic of Rwanda 2011: Green Growth and Climate Resilience National Strategy for Climate Change and Low Carbon Development.

sectors of the economy, and puts Rwanda in a stronger position not only to face the twin challenges of climate change and poverty, but also to take advantage of the opportunities presented by a low-carbon growth path in a greener global economy. It aims to ensure the future prosperity of every Rwandan citizen. Important national development priorities regarding the design of FONERWA were, moreover, Rwanda's Vision 2020 and the Economic Development and Poverty Reduction Strategy as they "provide the country's overarching development, budgeting and planning frameworks".[122] Under these frameworks (and as part of their planned revisions taking place in 2012), environment and climate change are top priorities for sustainably ensuring Rwanda's continued economic growth and poverty reduction. The Fund design aims to support these links and complement related priorities within sector and sub-sector strategic plans.

Moreover, the design structure of FONERWA is mandated by law to consolidate domestic sources of capital from environment and natural resources, in an effort to rationalize strategic use of these resources.[123]

7.1.3 Institutional level

7.1.3.1 Institutional integration

It is important to flag the critical importance of the institutional arrangement between MINIRENA, REMA and FONERWA. MINIRENA has an oversight function over FONERWA and REMA hosts the FONERWA Secretariat. In terms of institutional arrangements and support, it is important to highlight once again[124] the technical support FONERWA provided to the NIE (MINIRENA) for the development of the project approved by the AF. Interviews reveal that beyond the technical support provided by FONERWA to MINIRENA, the national fund has also channelled resources to MINIRENA in addition to the Project Formulation Grant to enable MINIRENA to undertake additional studies for the preparation of the project document.

Though FONERWA is not an independent autonomous institution, as is the case in Benin, it has been instrumental in helping the country secure AF funding. This indicates that FONERWA is playing a crucial role since it is equipped with human capacities and financial resources to steer Rwanda's endeavor towards accessing international funds. Thus, FONERWA has been critical for Rwanda in accessing and securing funds from the AF.

7.1.3.2 Governance

MINIRENA is responsible for oversight of the Fund and for providing guidance to REMA, which houses the FONERWA Secretariat. The Secretariat is in charge of daily management and facilitation of coordination of the Fund. It is thereby supported by a Fund Management Team, which was recruited by the UK Department of International Development (DfID) for an initial two-year period, which was extended for a further third year to finalise handover to GoR staff.[125]

Besides the Secretariat, the governance of the fund is enabled by the FMC and a Technical Committee. The FMC is ultimately responsible for funding decisions as well as other governance instruments that steer FONERWA activities, providing clear guidance and necessary support for im-

[122] REMA 2012: Final Report. Government of Rwanda. Environment and Climate Change Fund (FONERWA) Design Project.

[123] REMA 2010: Operationalisation of National Fund for Environment (FONERWA) in Rwanda.

[124] See Chapter 6, section 6.3.

[125] After this period, the management team, through the Secretariat, will be responsible for preparing and submitting the work plan for the forthcoming financial year indicating potential resource availability.

proving FONERWA staff performance, and evaluating the implementation of its funded projects.[126] The FMC is FONERWA's supreme body with multi- and cross-sector stakeholder participation – including the GoR at central (Permanent Secretaries) and district levels (through the Ministry of Local Government, MINALOC), development partners, civil society and the private sector.[127] The Director General of the Rwanda Natural Resources Authority (RNRA) chairs the FMC. The Technical Committee is in charge of technical advice and ensuring strong ownership, alignment and sustainability by FONERWA about the interventions it finances. In doing so, it advises the FMC on the approval, execution and monitoring of FONERWA, ensuring there is no duplication of projects/programmes supported by FONERWA and GoR/private sector. It is composed of technical experts from all relevant sectors with significant representation from MINECOFIN and the Secretariat of the Fund, as well as contributing development partners (currently DfID).[128] The FONERWA Technical Committee is comprised of a chair and co-chair (the latter represented by a development partner, currently DfID) on a rotational basis.

Figure 10: FONERWA governance structure
(Source: REMA 2012: Operational Manual. Government of Rwanda. Environment and Climate Change Fund (FONERWA) Design Project)

The design of FONERWA allows for the participation of interested stakeholders. The FMC involves participation from a cross-section of stakeholders including government at central and district (through MINALOC) levels, CSOs, the private sector and development partners. The FMC may co-opt any other person to the Committee on a needs basis.[129]

Stakeholder participation is considered at both project profile document (PPD) and project document (PD) stages of project screening. This includes consideration as to whether projects involved local communities and other relevant stakeholders in the project conceptualisation or will include them during implementation. Moreover, project sustainability is also considered and

[126] REMA 2012: Operational Manual. Government of Rwanda. Environment and Climate Change Fund (FONERWA) Design Project.

[127] Ibid.

[128] Ibid.

[129] Ibid.

inherently requires stakeholder participation for buy-in/continuation of project work beyond the project funding period.

In addition, proponents should also show evidence of meaningful, inclusive and transparent consultation. It is stated that stakeholders, particularly local communities, must be consulted and there should be a consultation plan in place to communicate and consult with stakeholders throughout the lifetime of the project. Moreover, the fund includes gender and other social and environment-related issues in the technical evaluation of all projects, particularly at the full project document stage.

7.1.3.3 Management of funding

FONERWA has four thematic financing windows and entry points for its capitalisation and expenditure, of which the first three windows are available for applicants while the fourth window is for internal government management/oversight of capital projects. The thematic financing windows align with GoR priorities in terms of environment and climate objectives, as reflected in various GoR policies, strategies and relevant studies that demonstrate financial need.[130] It seeks to fill the financial gap in the environmental field, by covering (20-30%) of Rwanda's existing financing gap, estimated at approximately US$100m per year across the thematic financing windows.[131] The thematic financing windows' field of intervention will evolve and are meant to be adjusted, as deemed necessary.

Window 1	Window 2	Window 3	Window 4
Conservation and Sustainable Natural Resource Management	R&D and Technology Transfer & Implementation	Environment and Climate Change Mainstreaming	Environmental Impact Assessment Monitoring and Enforcement

FONERWA is a 'basket fund', which refers to the fact that different sources of finance will be pooled to the Fund every year.[132] FONERWA is open for different sources of finance, such as national, bilateral and private sectors. Domestic sources of finance include inter alia:[133] i) environmental fines and fees; ii) EIA fees; iii) proceeds from forestry and water funds; iv) other environmental revenue; and v) seed financing from domestic stakeholders (line ministries). FONERWA, therefore, is the only fund in Rwanda that mobilises resources from the GoR's own revenue sources – by its own account making it less vulnerable to external aid shocks. However, the vast majority of FONERWA capitalisation is from bilateral development partners. To date, these include DfID and the Reconstruction Credit Institute (KfW, German acronym for: Kreditanstalt für Wiederaufbau).

FONERWA will use several instruments to achieve its objectives, Figure 13 provides a differentiated overview of instruments and illustrates the plan to phase-in more complicated instruments over time, depending on actual and emerging needs.[134]

[130] REMA 2012: Operational Manual. Government of Rwanda. Environment and Climate Change Fund (FONERWA) Design Project.
[131] Ibid.
[132] Ibid, p.13
[133] Ibid.
[134] Ibid.

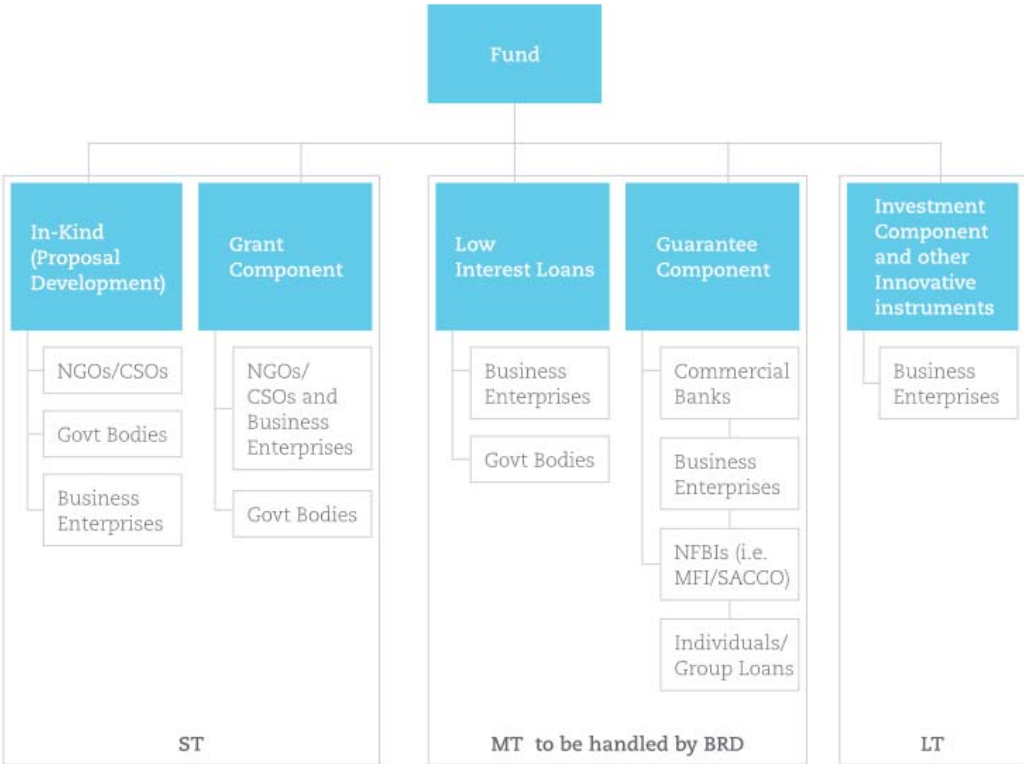


Figure 11: Financial and non-financial instruments for FONERWA
[ST (short term = 0-1 year); MT (medium term = 2-5 years); LT (long term = 5 years)]
(Source: REMA 2012: Operational Manual. Government of Rwanda. Environment and Climate Change Fund (FONERWA) Design Project)

Accessing the Fund

The Fund can be accessed by line ministries, government agencies, districts, CSOs including academic institutions and the private sector, as long as the proposed activities are in compliance with the Fund's eligibility criteria, and the project/programmes are screened through various steps as discussed in the project screening procedures.[135] In addition, applications in the form of project profile documents (PPDs) are accepted from the private sector including registered small- and medium-sized enterprises and associations with at least one year of operation, as well as large firms. International agencies/companies are also eligible to apply provided they: i) have a Rwandan registered business venture (company); ii) provide match funding of at least 25% for those intending to access innovation grants and iii) focus of the project is 100% within Rwanda[136].

The process of screening FONERWA project/programme proposals is undertaken in a competitive, multi-step process. The process is overseen by the Fund Management Team /Secretariat with ultimate funding decisions made by the FMC based on evaluations and recommendations provided by the Managing Team and the Technical Committee. Figure 14 gives an overview of the screening process.

[135] Ibid.
[136] FONERWA 2014: Documents from FONERWA training workshops.

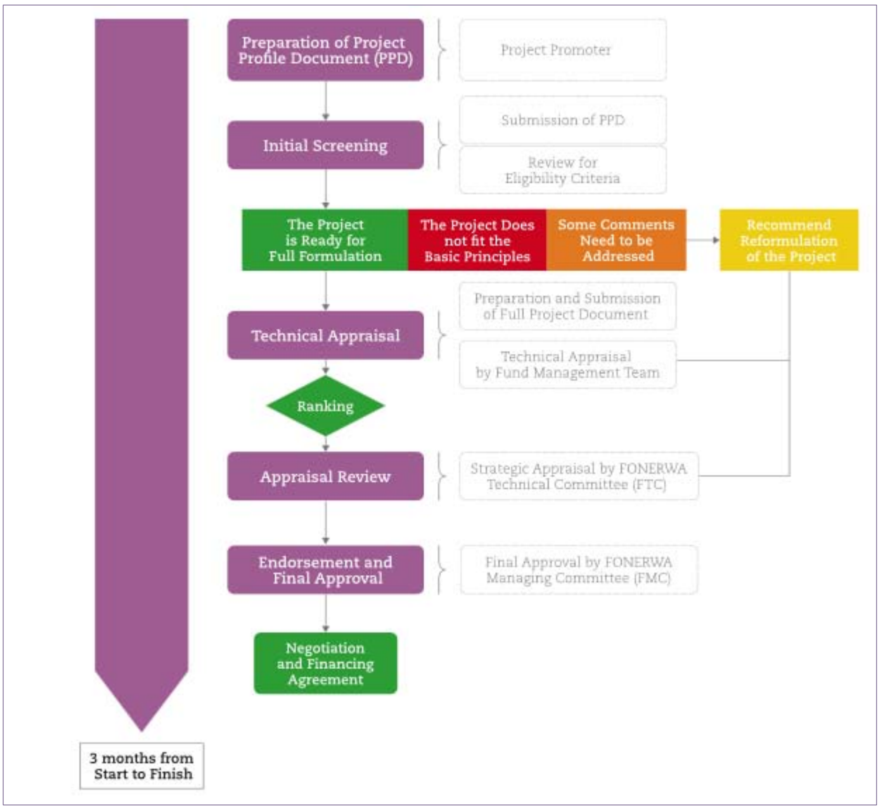


Figure 12: FONERWA proposal screening process
(Source: REMA 2012: Final Report. Government of Rwanda. Environment and Climate Change Fund (FONERWA) Design Project)

The Fund Manager will compare each PPD against FONERWA's key eligibility criteria to check the extent to which the project matches one of the FONERWA thematic windows. Particular attention will be given to the questions of whether the benefits from the project will be sustained after the lifetime of the project, whether the project offers good value for money (eg, cost effectiveness, operational costs against the intended benefits, etc), and whether activities have been designed to deliver results. Proponents should also show evidence of a meaningful, inclusive and transparent consultation: stakeholders, particularly local communities, must be consulted and there should be a consultation plan in place to communicate and consult with stakeholders throughout the lifetime of the project. One other important point is that a submitted project should be linked with national and local strategies related to climate change and environmental management. Last, but not the least, the project must conform to existing legislation. In particular, there must be no involvement in or complicity with corruption.

A traffic-light system is used by the management to differentiate between proposals: a green light signalling that eligibility criteria have been met, automatically requesting the proponent to submit a fully developed project document; and a red light signalling that the proposal did not meet the criteria and needs to be further developed. If the project broadly conforms to the eligibility criteria, but the PPD and/or concept needs further refinement , the Fund Manager will give a yellow light and the proponent will be invited to resubmit their proposal (maximum once per quarter), accompanied by comments from the Fund Manager.

The allocation of funds by FONERWA is broadly guided by particular targeting of private sector and Districts as highlighted below:

- Public Sector: and NGOs (No prescribed targets);
- Private sector: at least 20% of available funds for future leveraging and co-finance/ match funding;
- Districts: at least 10% of available funds.

According to interviewees, five calls for proposals have been issued so far. FONERWA has granted funding to 13 projects (across 3 windows) in the amount of 15 Billion Rwandan Franc (22 Million USD). The next call of proposal has been issued in July 2014. Although the quality of proposal in the first round has been low, interviewees reported that there are improving due to firstly capacity building and technical assistance initiatives undertaken by the fund management team and secondly a series of manuals and templates[137] made available to proponent, in order to better understand the approval process, work plan and budget templates, grant management manual, request of funds.

Monitoring and evaluation (M&E)

M&E is a critical component of results/performance-based funding as applied by FONERWA. Through M&E, project results at all levels (impact, outcome, output, activity and input) are measured, tracked and revised to meet different project objectives. The FONERWA grant agreement includes a logical framework, through which the fund beneficiary and the FMC agree to the project indicators to be used, and the milestones and targets to be achieved.

The M&E logical framework is used throughout the entire project life cycle; thus, at the time of grant signing, fund beneficiaries will be required to submit the project logical framework that is aligned to one or more of FONERWA outputs demonstrated in the logical framework. FONERWA will monitor the project and its compliance.

Evaluations will be conducted in accordance with the monitoring and evaluation plan in the grant agreement and FONERWA operational manual. This requires that such evaluation costs should be incorporated into the project budget. Evaluation reports are be submitted to FONERWA for review. Monitoring by FONERWA will include follow-up on any evaluation observations or recommendations.

For all the grants awarded, an annual FONERWA audit will be conducted. The Office of the Auditor General for state finances (or a firm appointed by FONERWA) has the responsibility of auditing projects funded by FONERWA. The audit will be a financial audit in accordance with the guidelines and generally accepted auditing standards and will determine whether the grant funds have been used in accordance with the Grant Agreement.

7.1.4 Organisational and individual level

Even before its establishment, FONERWA had devised a comprehensive capacity-building plan, which was refined after establishment by the Fund's Management Team based on a capacity needs assessment. The capacity-building plan particularly targets planning and budgeting officers from the GoR and the private sector. Moreover, priority is given to key spending ministries directly relevant to FONERWA's thematic financing windows, including the Ministry of Environment and Natural Resources, Ministry of Infrastructure, Ministry of Agriculture, Ministry of Industry and Trade, the Ministry of Local government, the Ministry of Disaster Management, as well as the Ministry of Finance and Economic Planning. Private sector and CSO recipients of capacity-building support will also be chosen as per the thematic financing windows.[138]

[137] This includes inter-alia Draft Grant Agreement, Project Level Reporting, Work Plan and Budget Templates, Grant Management Manual, Request of Funds. See: FONERWA 2014: Grand Management Documents.

[138] REMA 2012: Operational Manual. Government of Rwanda. Environment and Climate Change Fund (FONERWA) Design Project.

7.1.5 Outlook

The GoR's intention is to be able to utilise FONERWA for the disbursement of funds from a range of international donors and lenders. One such potential source of finance is the GCF. Rwanda has already submitted its DA for the GCF. When FONERWA was re-designed in 2012 the GCF had not yet published its operational modalities. However, in anticipation that these would be similar to the Adaptation Fund NIE eligibility criteria of fiduciary management and integrity, institutional capacity, transparency, self-investigative powers and anti-corruption measures, these elements were regarded as critical considerations for FONERWA design.

7.2 Fonds National pour l'Environnement Benin – mobilisation of domestic resources

Most of the information in this chapter was obtained from interviews with Théophile Adje, General Director of the National Environment Fund and Climate Change (NFEC), and Biaou Mathieu, Director of Mobilisation. In addition, information was collected through a desk review of key decisions pertaining to the National Fund for Environment (FNE – Fonds National pour l'Environnement).

7.2.1 Description of circumstances

Like other LDCs, Benin is experiencing multiple stressors from environmental and climate change factors, a rapidly growing population, strong reliance on natural resources, weak infrastructure and poor institutions. These challenges led the government of Benin to make a commitment in 2006 to fundamental changes – with the aim of transforming Benin into an 'emerging country' over the next 20 years.[139] In its investment code in 2008, the government committed to creating a sound domestic and international investment environment, in which not only would corruption and bureaucracy issues be addressed[140] but also performance requirements and incentives targeting foreign investors would be set. Aware of the environmental challenges the country is facing and bearing in mind the limitations regarding funding for environmental projects, the Government of Benin (GoB) created the National Fund for Environment (FNE), designed to mobilise national and international funding sources for national environment projects.

FNE was created in 2008 by government decree[141] as a funding window for environmental initiatives. It emanates from the National Fund for Desertification (FNLD), which created in 2000[142] to support the implementation of the United Nations Convention to Combat Desertification (UNCCD), however transformed into the FNE in 2003[143] to streamline fund-creating activities for environmental projects in Benin. In 2008, degree No. 2008 - 273[144] defined the fund's legal personality, its function and organisation as well as its mandate to mobilise national and international climate finance sources. Due to the growing impacts of climate change and the FNE's accreditation as AF NIE in 2011, the Council of Ministers decided in 2013 to extend FNE's mandate and turn it into the FNEC (National Fund for Environment and Climate, French acronym for Fonds National

[139] UNDP 2013: Executive summary. Assessment of development results.
[140] Africa-Asia Business Forum: Benin Investment Guide.
[141]Republique du Benin. Decret No 2008 - 273 du19 Mai 2008.
[142] Republique du Benin. Decret No. 2000 - 610.
[143] Republique du Benin. Decree no. 2003 - 559 du 29 Decembre 2003.
[144] Republique du Benin. Decret No 2008 - 273 du19 Mai 2008.

pour l'Environnement et Climat), adding climate change adaptation and mitigation projects to the existing project portfolio. [145]

7.2.2 Policy level

The NFEC was created to help improve and empower investors in Benin, particularly in the environment field, as a consequence of the 2008 revised investment code.[146] It is responsible for financing and managing environment and climate change projects to ensure a better life for Benin's population and a healthy ecosystem. NFEC is a state-owned autonomous institution, endowed with legal capacities and financial authority under the supervision of the Ministry of Environment, Housing and Urban Planning (MEHU).[147] MEHU holds responsibility for the elaboration and implementation of national environmental policies, projects and programmes in compliance with national laws and commitments towards the Rio-Convention.

The environmental basis of sustainable development in Benin is found in Article 27 of the Constitution, which states that "everyone is entitled to a healthy, satisfying and sustainable environment and has the duty to defend the environment. The state ensures the protection of the environment".[148] This is a very strong provision that raises the "right to a healthy environment", to the same level as "fundamental citizen right" – thereby indirectly committing the government to take all necessary steps to protect the environment. That right is strengthened by an accountability provision by stating that: i) "the importation, distribution, storage in the country of toxic waste is a crime against the nation" and ii) "the Head of State is subject to the High Court of Justice if he is recognized author or co-author of an infringing act regarding the safeguards of a healthy environment".[149]

It is worth noting, however, that in addition to strong environmental laws, the creation of FNE was also possible through regulation in other fields such as investment, ongoing economic reform and the government's commitment to fight corruption and improve the investment climate, which are key to managing international funds.

7.2.3 Institutional level

7.2.3.1 Institutional integration

The organisational structure of the FNE has three layers linked to different departments and ministries involved in Benin's environment and finance sectors.

First, the Board of Directors is the supreme body of the NFEC, setting the policy and strategy orientation for achieving the Fund's objectives.[150] It consists of seven members representing different

[145] Grüning et al 2014: UNEP national climate finance institution support programme: Case study on National Environment Fund (NEF) and Climate change of Benin.
[146] US Department of State 2012: Diplomacy in action; Benin's Investment Climate Statement.
[147] The legal capacity conferred by the GoB on the NFEC is important, as it allows the NFEC to enter into legal agreement with a third party such as the AF or the GCF. Through that legal capacity, it was possible for the NFEC to be accredited as NIE.
[148] Constitution de la République du Benin, Loi No. 90-32 DU 11, Décembre 1990 portant constitutions de la République de Benin. Art 27. Toute personne a droit à un environnement sain, satisfaisant et durable et a le devoir de le défendre. L'Etat veille à la protection de l'environnement.
[149] Republique du Benin 2012: Document d'information sur le developpement durable au Benin.
[150] DECRET N° 2008 - 273 DU 19 Mai 2008: Art14

ministries.[151] The Director of the NFEC Executive Board participates in Board of Directors meetings as secretariat representative. The Board of Directors is a kind of inter-ministerial coordinating body responsible for, among other activities: approval of the Fund's general policies in accordance with environmental objectives; reviewing bi-annual and annual auditors reports; informing MEHU about its work; and publishing annual qualitative and quantitative indicators that allow the performance of the Fund and its managers to be evaluated.

The role played by the focal point (acting as DA for the AF, as well as CEO of the NIE Board of Directors) is very interesting. The DA was the main driver of Benin's engagement with the AF. The DA was critical for AF accreditation of the NFEC as it reported on the opportunities offered by the AF and was part of the accreditation process. The DA is also director of the Directorate of Environment of Benin, which is one of the executing entities of the project submitted by the NEF to the AF. Performing the three functions has been catalytic, particularly in achieving AF accreditation.

Second, the Executive Board is comprised of the Director, and the technical directorate consisting of Director for Studies, Monitoring and Evaluation; the Director for Fund Mobilisation; and two delegates of the elected officers of the General Assembly of Shareholders. The CEO is appointed by a decree of the Council of Ministers on proposals of the Minister of the Environment. Article 26 of the law creating the NFEC stipulates the different functions assigned to the Executive Board.[152] The Executive Board is mandated with implementation, monitoring and evaluating decisions taken by Board of Directors. It can also propose to the Board of Directors, is there is a sound basis, amendments of the status of the NFEC as deemed necessary to achieve its ultimate goals.

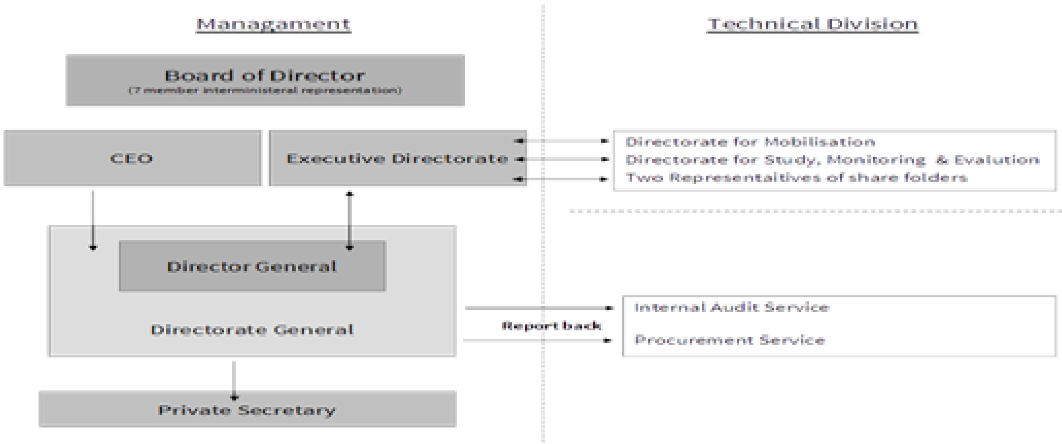


Figure 13: Organisational structure of NFEC.

At the third level, the General Directorate office is in charge of the daily business and operation of the NFEC. It is managed by a Director General, responsible for the budget and management of NFEC resources. The General Director is supported by the general management staff, a Private Secretariat, the Internal Audit Service and the Procurement service. This is a powerful position because, in addition to the management of staff and the technical direction (consisting of Director of Mobilisation, Director of Studies, Programming and Monitoring and Evaluation; and finance and account office), the General Director is also accountable to the General Directorate, who is also director of the Executive Board. As mentioned above, the Director of the Executive Board partici-

[151] The members consist of one representative of the Ministry in charge of Finance, one representative of the Ministry in charge of Decentralization, one representative of the Ministry in charge of Transportation, one representative of the Ministry of Mining and Energy, one representative of the NGOs working in the environmental protection field and one representative of the Chamber of Industry and Commerce of Benin (CCIB).

[152] DECRET N° 2008 - 273 DU 19 Mai 2008 : Art. 26

pates in Board of Directors meetings as secretariat representative, reporting on the activities undertaken by the secretariat.[153]

Although there has been no decision on the role the NFEC would play with regard to the GCF, it stands to reason that the recent extension of the Fund's mandate to become the national fund for climate change in charge of adaptation and mitigation projects gives a sense that the country is starting to prepare the Fund to become the main domestic fund to be accredited by the GCF in the future.[154]

7.2.3.2 Governance

Important among the actors and institutions engaged with the NFEC, are the National Committee on Climate Change (NCCC) and the different teams around the NAPAs. The NCCC is a multidisciplinary body responsible for monitoring and supporting the implementation of the UNFCCC and all the legal instruments connected to it, such as the Kyoto Protocol and the study of all scientific, technological and other questions related to climate development.[155] Key taskforces around the country on the NAPA are the National Coordination Team and Thematic Expert Groups for different sectors (agriculture, water resources, energy, coastal zones, forestry and health).

Civil society organisations have one representative (out of seven) on the FNE Board of Directors. As an administrator sitting on the NFEC board of directors, the CSO representative has voting rights, allowing them to contribute to defining policies and strategies for achieving the goals and objectives of the NFEC. In other words, the CSO representative participates in the validation of the FNE Annual Work Plan and budget and gives views on various FNE activities.

7.2.3.3 Management of funding

Undoubtedly, one of the remarkable selling points of the FNE is its innovative source of domestic finance. There are two distinct funding streams into the NFEC:[156]

1. **Operation of the Fund:** NFEC's daily operations, such as salaries of staffs and consultants or fixed office costs, are covered by the national budget. The 50% share of the eco-tax is solely for implementation of environment projects in Benin.
2. **Resources for projects and programmes:**
    a. domestic funds through revenues of the eco-tax[157] and fines based on the polluter pay principle.[158] Half of the collected taxes are earmarked for the NFEC; the remaining 50% is split between the General Directory for the Environment and National Agency for the Environment, National Budget and the tax office. Taxes are collected through national institutions, eg, National Centre for Road Safety (CNSR) and General Direction of the Treasury and of Public Accountancy (DGTCP);[159]

[153] All articles on the FNE's institutional arrangements are contained in DECRET N° 2008 - 273 DU 19 MAI 2008.

[154] In that regard, the FNE is also part of the readiness programme financed by German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB), and carried out by UNEP, UNDP and World Resource Institute (WRI), that is currently developing a fully fledged GCF Readiness Programme for developing countries. The Programme is expected to offer needs-oriented support to countries for accessing and using the GCF once it is fully operational. It also aims to develop and validate GCF Country Readiness Plans in Benin and Ghana to be implemented as part of the joint UNEP/UNDP/WRI GCF Readiness Programme. See http://procurement-notices.undp.org/view_file.cfm?doc_id=17091 [02/09/2014].

[155] The NCCC was established by Decree No. 2003-142.

[156] The Republic of Benin (2008), decree no 2008-273 (dated 19 May 2008) first title, article 7.

[157] Ministerial order No. 94/MEF/C/SGM/DGDDI/DGID/DGTCP/RGF 2009.

[158] Republique du Benin 2004. Ministrial ordern°079/MEHU/MFE/ MTPT/MICPE/MISD/DC/SG/DE/SLRCCAME/DLRE/SA.

[159] Ministerial order No. 077/MEHU/MFE/DC/SG/DE/SLRCCAME/DLRE/SA 2004.

b. other national and international sources of finance such as multilateral of bilateral channels or philanthropic institutions. It is important to mention that so far no funds have been mobilised through other sources of finance.

Impelled by the necessity to address the growing pollution in Benin's urban areas, particularly in Cotonou, and concerned by increasing disease with various health risks (diarrhoea and respiratory infections, the leading causes of infant mortality), which indirectly affects around 1.2% of GDP,[160] the government has, over the past 20 years, begun to develop a detailed environmental legislative framework. Notably, the 2004 law of finance instituted environmental taxes on polluting products and activities. The forestry and fishery sectors also impose taxes and fees.[161] The introduction of eco-taxes was facilitated through an enabling environment such as legal and investment reform as well as revision of Benin' Investment Code in 2008. Benin's current investment code is a revised version the first Investment Code enacted in 1990.[162] The Investment Code was critical to shaping the national investment regimes and grants extensive discretionary power to the Investment Control Commission at the Ministry of Commerce. It was, in fact, promulgated in order to establish a simplified system readily accessible to all investors. The GoB also established a 'one-stop-shop' at the CCIB to facilitate swift registration of new businesses. The one-stop-shop for business registration has helped simplify and streamline the process of creating a business and has substantially reduced the time and hassle that entrepreneurs experienced in the past.[163] Interviewees confirmed that the new Investment Code enables one to register a new company within two weeks. Benin law guarantees the right to own and transfer private property. The court system enforces contracts, but the legal process is often slow.[164] Other reforms undertaken within the Environment, Housing and Urban Planning – such as improvements in the performance of the National Environmental Management Programme, which facilitated greater efficiency in the area of eco-taxes, or the establishment of an air quality observatory – are allowing the government to achieve tangible results in the short term, without exorbitant expenditure, and adopt more far-reaching intervention measures that impact the performance of the sector in the medium term.[165]

From issuance of the first tax revenue in 2005 until 2011 around Franc CFA 509 million, roughly $1 million have been mobilised as part of the 50% for the NFEC share of the total taxes.[166] Taxes are deducted on vehicles circulating in and transiting through Benin, and on tyres, clinkers, batteries and accumulators, waste from industrial processes, plastic disposable packaging, non-plastic disposable packaging and tobacco products.[167]

Table 11: Ecotax revenues 2005 – 2011 in F CFA

Year	2006	2007	2008	2009	2010	2011
Total (F CFA)	93 255 612	109 019 210	159 001 733	521 121 185	999 180 594	1 017 226 731
Total for FNE 50% (F CFA)	46 627 806	54 590 605	79 500 866,5	260 560 592,5	499 590 297	508 613 365,5

(Source: Grüning et al 2014: UNEP national climate finance institution support programme)

FNE's financing windows are mainly defined by the environmental Action Plan (EAP) and the National Agenda 21. The areas of operation are *inter alia*: a) capacity-building of public and private organisations and local communities in protecting the environment; b) pollution control and pre-

160 See: http://fnebenin.net/[06/10/2014].
161 Van Kerckhoven, S. et al. 2014: Eco Tax Reform in Selected Developing Countries.
162 Africa-Asia Business Forum: Benin Investment Guide.
163 World Bank: Investment climate advisory services; Africa-Asia Business Forum: Benin Investment Guide.
164 US Department of State 2012: Diplomacy in action; Benin's Investment Climate Statement
165 World Bank 2010: République du Bénin Analyse Environnementale Pays.
166 Grüning et al 2014: UNEP national climate finance institution support programme.
167 The ministerial order No. 079/MEHU/M/ MTPT/MICPE/MISD/DC/SG/DE/SLRCCAME/DLRE.

vention; c) sustainable use of natural resources; d) production of renewable energy; e) promotion of clean technologies; and f) protection of ecosystems. Mitigation and adaptation to climate change in particular are not addressed yet.[168]

Since 2003, FNE financed almost 25 projects with a total value of around 1.207.949.106 F CFA (approx. USD 3 Million).[169]

To ensure responsible, efficient and effective allocation of funds, FNE created a monitoring and evaluation department (Director of Studies, Monitoring and Evaluation Services) and developed a manual for the M&E process.

7.2.4 Organisational and individual level

The NFEC issues a call in January each year; the FNE grant is based on the size of the selected project. Grants are awarded directly by the FNE after selection by a technical committee. The NFEC provides a grant to the selected project whose total cost is less than CFA Franc 50 million receive a grant equivalent to 80% maximum of the cost of the project. If the total project cost is between 50 million (50,000,000) and 100 million (100,000,000) francs, projects receive a grant of a maximum of 60% of the project cost.

All national entities or institutions, both governmental and non-governmental, responsible for executing the projects are accountable to the NFEC for the money entrusted.

In order to access NFEC resources, project proponents should provide information on the nature of their institution and the objectives or the intervention, including indicators and outcomes, which should be in line with the Fund's field of expertise as well as with the sectors prioritised in the call for proposals. Importantly, the proposals should comply with national priorities, underpinned through by impact assessment.

The project screening and approval process consists of five steps, as follows:[170]

1. Submission of the proposal followed with notification of receipt by the NFEC Secretariat. Screening is undertaken against the eligibility criteria, then a shortlist of projects is submitted to the Selection Committee by the Directory for Studies, Monitoring and Evaluation.
2. Project review and evaluation by the Selection Committee, which pre-selects proposals based on the scoring system with 25 criteria.[171] The selection committee prepares a report with a provisional selection of projects for funding and prepare recommendation for further development of the proposal, before it submits the selected proposals to FNE's CEO for approval.
3. As third steps, a second screening round is planned, with a view to checking supplementary information provided as response to the recommendations received from the Selection Committee. This step is critical, because at this stage definitive recommendations on

[168] Grüning et al 2014: UNEP national climate finance institution support programme: Case study on National Environment Fund (NEF) and Climate change of Benin.
[169] Grüning et al. 2014: UNEP national climate finance institution support programme.
[170] Ibid.
[171] The evaluation for the internal consistency of the project is based on a set of criteria: the relevance of actions, defined as the extent to which the project's activities are consistent with its general orientation; the feasibility, which determines the performance of the project in terms of effectiveness and efficiency; and the project's sustainability, which refers to the likelihood that the benefits will be long term and resilient to risks (over the expected life of the project).

approval are formulated by the Selection Committee to the project Commission of the Directorate General.

4. Funding authorisation is forwarded to the Chairman of the Board of Directors. The Director of the FNE then informs the Board of Directors of the finance required and seeks authorisation to proceed. Thereupon, the chairman of the Board of Directors authorises the CEO to execute the funding if it is already included in the annual work plan approved by the Board of Directors
5. Applicants are notified of the approval of their proposal.

7.2.5 Outlook

The FNE has a good foundation upon which to become the main national fund for Benin. This does, however, imply that further institutional reforms will be initiated and implemented so as to upgrade the institution to play this critical role.

The recent extension of the FNE mandate to become the NFEC responsible for all adaptation and mitigation projects is an important step in the right direction. At the same time, it should be stated that this is a small milestone in the long journey towards becoming a strong and well-established national climate fund.

The innovative feature of the NFEC is its innovative source of domestic finance. The 50% earmarked revenues from the eco-tax for NFEC points out that with government leadership and sound legal and policy frameworks, domestic resources can be mobilised, even if at small scale. Despite the small amount of money raised, it can help address the urgent growing environment constraints. It is very encouraging, particularly for an LDC, to generate these resources. However, despite the eco-tax funds, the FNE will heavily rely on international sources of finance to achieve its goals. In addition to the eco-tax, the NFEC can receive funds from public investment income, annual state subsidies, external resources from development partners, grants and other sources of finance, although this has not yet happened.

The interesting feature is that this innovative source of finance is replicable in other countries and could help to mobilise domestic resources for climate action. There is a growing consensus on the importance of eco-tax reforms in developing countries, especially in the context of local financing for sustainable development. Several countries – for example, Algeria, Benin, Bolivia, Ecuador, Tanzania and Vietnam – are developing environmental legislative frameworks.[172] In order to do this, as shown in Benin, it is necessary to shape the appropriate legal and operational frameworks that regulate and operationalise the levy; in particular, strong political leadership to implement such often sensitive and unpopular decision is required. The application of this principle enabled the GoB to introduce eco-taxes on most of the environmental polluters.[173] The tax is collected by different departments,[174] and 50% of the money collected is earmarked for environment projects.[175]

[172] Ibid.

[173] These taxes are deducted on registered vehicles in Benin or foreign cars transiting through Benin, batteries and waste from industrial processes, plastic disposable packaging, non-plastic disposable packaging and tobacco products.

[174] These are the Transport Ministry through the National Centre for Road Safety (CNSR), or the Finance Ministry through the National Directorate of the Treasury and of Public Accountancy (DGTCP).

[175] Ministerial order No. 079/MEHU/MFE/MTPT/MICPE/MISD/DC/SG/DE/SLRCCAME/DLRE/SA from 2004 defines the categories charged by the eco-tax and the split of the eco-taxes among various national institutions, implemented through Ministerial order No. 94/MEF/C/SGM/DGDDI/DGID/DGTCP/RGF from 2009.

It was not possible for us to identify any funding mobilised by the NFEC through blending of its own resources with other sources of finance. Blended finance is defined as the complementary use of grants (or grant-equivalent instruments) and non-grant financing from private and/or public sources to provide financing on terms that would make projects financially viable and/or financially sustainable. Given the global financial constraints, it is more important than ever before that a national climate fund in charge of advancing countries' climate finance actions tap into funds from different sources and be prepared to harness any available finance nationally and globally. National climate funds should enable a transformational change towards a climate-resilient and low-carbon economy and should facilitate the blending of public, private, multilateral and bilateral sources of climate finance. It is rare that one or two funds would be able to cover the costs of transitioning an entire economy toward low-emission, climate-resilient development. Rather, countries must blend multiple sources – public, private, multilateral, bilateral – in a coordinated and streamlined way that is strategic and which could further catalyse more resources to support action on climate change.[176] That function belongs to the specialised fiduciary criteria. The specialised criteria for on-lending and blending will apply for intermediaries and IEs that wish to use those financial instruments with the Fund's resources.[177]

Furthermore, it is important to enhance the NFEC's institutional design and adopt international standards in terms of managing the funds. As often pointed out in this paper, language is a barrier for non-English speaking countries. It is unthinkable in the current world of climate finance for an institution to be able to effectively mobilise, access and deploy climate finance at scale without having staff with sufficient English skills. It is therefore important that the NFEC actively supports the improvement internal language capacities skills, for example, by offering or supporting language courses for its team.

7.3 CRGE Facility Ethiopia – mainstreaming climate change in development

The information presented in this section was obtained through interviews with representatives from the Ministry of Finance and Economic Development (MoFED), Robi Redda (Climate Development Knowledge Network (CDKN) Ethiopia) as well as from a literature review on the establishment and operations of Ethiopia's CRGE-Facility.

7.3.1. Description of circumstances

The CRGE initiative was established in 2011 with three complementary objectives: i) fostering economic development and growth; ii) ensuring abatement and avoidance of future emissions, ie, facilitating the transition to a green economy; and iii) improving resilience to climate change.

The initiative is underpinned by the CRGE Strategy, and will be implemented through the CRGE Facility. The CRGE Strategy is made up of two main components: climate resilience and green economy. While the Ethiopia government's green economy strategy targets the financial opportunities and sustainability co-benefits of low emissions development, the climate resilient develop-

[176] Flynn, C. 2011: UNDP; Blending Climate Finance Through National Climate Funds.
[177] GCF 2014: GCF/B.07/02; Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities and Intermediaries, Including the Fund's Fiduciary Principles and Standards and Environmental and Social Safeguards.

ment strategy focuses on managing risk and building resilience to absorb climate change-related shocks. In this context, four areas of engagement have been selected to fast-track the implementation of the green economy element of the strategy, taking into account their prospect of immediate economic growth and large carbon abatement potential. These are hydropower development, rural cooking technologies, the livestock value chain, and forestry development. The adaptation (or climate resilience) part of the strategy is currently being enhanced to build the climate resilience of the livelihoods of those most vulnerable to climate change. To this end, the fast-tracking of the agricultural sector climate resilience strategy demonstrates that adaptation is being given due attention.

The CRGE Facility is an innovative funding mechanism established by the government of Ethiopia in 2012 to support the implementation of priorities set out in the CRGE Strategy. It has been designed as a single, national funding mechanism to attract, allocate and channel climate finance in a coordinated manner. The Facility supports and incentivises a programmatic approach to climate change activities, minimising the transaction costs and duplication associated with a programmatic approach.[178] The objectives of the CRGE Facility are:

- financial mobilisation and allocation: the CRGE Facility is the government's vehicle to mobilise, access and combine domestic and international, public and private sources of finance to support the institutional building and implementation of the CRGE Strategy;
- stakeholder coordination: the CRGE Facility provides a single engagement point where the government, development partners, the private sector, civil society and other stakeholders can engage and make decisions about how best to utilise available finance in pursuit of the CRGE vision and goals, thus enhancing coordination and aid effectiveness; and
- unlocking capital at scale – blending investment sources and leveraging: the CRGE Facility will use climate finance to complement other existing forms of investment to bolster Ethiopia's core climate-compatible development activities (in areas such as food security, energy, infrastructure development and natural resources management), thereby promoting the full integration of CRGE with the Growth and Transformation Plan (GTP).[179]

7.3.2 Policy level

The CRGE's vision is to build a middle-income climate-resilient green economy by 2025 through zero net carbon growth. The climate resilience aspect of this vision seeks to protect the economy from the negative impacts of climate variability and change, while concurrently capitalising on opportunities provided through a changing climate. The green economy aspect includes a focus on job creation and socio-economic benefits through this low carbon growth.

The CRGE Facility is hosted and staffed by the Ministry of Finance and Economic Development (MoFED), with additional support from national and international technical advisers on request. It coordinates closely with other key sector institutions, including the Ministry of Environment and Forests (MEF), which provides technical guidance for CRGE activities, the National Planning Commission, and the Prime Minister's Office (PMO) which provides overall policy guidance. These comandates, particularly of the MoFED and MEF, demonstrate the government's readiness to deal with issues of climate change in a coordinated and collaborative manner. Furthermore, the fact that the PMO plays an overseeing role and in the management of CRGE Strategy shows the high level of support CRGE has received from the highest office of the land.

[178] Eshetu, Z. et al. 2014. Climate finance in Ethiopia.
[179] Government of the Federal Democratic Republic of Ethiopia 2014: Climate Resilient Green Economy (CRGE) Facility. Operations Manual.

The CRGE Strategy is aligned with and supports the government's policy framework, including the GTP, the Environmental Policy of Ethiopia, and Ethiopia's Program of Adaptation to Climate Change (EPACC). The GTP, the main government policy instrument that guides the country's major economic and social development efforts, sets out a goal for Ethiopia to achieve middle-income country status by 2025, while at the same time becoming carbon neutral. The green economy aspect of the CRGE provides the means to achieve this goal. Furthermore, boosting agricultural productivity through the climate resilience aspect of the Strategy, as well as strengthening the industrial base and fostering export growth, have been prioritised as vehicles for reaching this goal.[180]

7.3.3 Institutional level

7.3.3.1 Institutional integration

As stated above, three federal institutions are responsible for implementing the CRGE Strategy: the PMO, MoFED and MEF. Line ministries prioritised by the Strategy include the Ministries of Agriculture; Water, Irrigation and Energy; Trade; Transport; and Urban Development, Housing and Construction. Implementation of the CRGE Strategy is sector-based and follows an approach known as the sectoral reduction mechanism (SRM), which was established to help convert the CRGE vision into practical action on the ground. The three institutional arrangements that underpin the SRM are described below.

- An Inter-Ministerial Steering Committee chaired by the PMO, with representatives from the line ministries stated above. This committee sets the criteria and scope for approving action plans and determines the overarching priorities for the CRGE Facility.
- A CRGE Management Committee, made up of senior government officials drawn from the relevant line ministries, plus the National Planning Commission. This committee is responsible for providing general oversight for the CRGE initiative as well as determining the optimum allocation of available funds to approved actions and alignment with the GTP.
- The CRGE Facility Secretariat, led by a state minister within MoFED, and comprising a director, a coordinator, and Technical and Finance/Implementation Teams. The Secretariat is responsible for the day-to-day operations of the CRGE. The Technical Team is housed by the MEF and is responsible for the development of standardised guidance, ad-hoc sector-specific support and technical backstopping for the SRM. The Finance and Implementation Team is housed within MoFED.

As far as possible, the architecture described above has embedded CRGE systems within existing mechanisms for economic and environmental planning and implementation. However, long-term, sustained implementation and success of the CRGE Strategy will require a major transformation of the institutional architecture of the government‘s administration (both horizontally and vertically). Considerable public investment will be required to capacitate the various government ministries and agencies charged with implementing climate change programmes at all levels of government. Through the major recent institutional reforms, including those as a result of the establishment of the CRGE Facility and support structures, Ethiopia will be better prepared to access and administer national and global funding for climate change. This in turn will enhance the country's ability to implement the CRGE Strategy effectively. Financial contributors to the CRGE Facility are the government of Ethiopia, other governments (ie, development partners), private and public entities,

[180] Eshetu et al. 2014: Climate finance in Ethiopia.

including multilateral, inter-governmental and civil society organisations, and individuals, which provide funds or implementation services to the Facility.

In due recognition of its strategic importance and the need for additional finance to deliver the CRGE targets, the Facility is also working towards fulfilling the fiduciary requirements of international climate funds – particularly the AF. Once accredited, the CRGE Facility will be in a position to directly access AF funding for implementation of adaptation projects. The CRGE Facility is also undertaking early readiness activities to the GCF – with a view to engaging in this further, as the GCF's fiduciary requirements are set and clarified.[181]

7.3.3.2 Governance

During the process of designing the CRGE Strategy, the government has used a range of different multi-stakeholder bodies. First, the Inter-Ministerial Steering Committee chaired by the PMO has acted as the governing and decision-making body for the CRGE initiative. Second, a Technical Committee, comprised of MEF and MoFED experts, provides a platform for providing technical guidance that supports a (third) Sub-technical Committee comprised of experts from different ministers/sectors that aim to help implement the CRGE Strategy at both national and regional level. These newly established platforms provide for representation of key stakeholders from across all parts of the government‘s administration, but less so for civil society groups. There are national research institutions (eg, the Ethiopian Development Research Institute) and other higher learning institutes that are tasked with providing evidence-based analysis to support the policy process. However, the incorporation of resultant information into the operational plans of the CRGE Facility has yet to be realised, but will be an ongoing process.[182] This will be an aspect of further consultation in the future with a wider range of stakeholders in the implementation phase.

In the implementation phase, two major types of entities will plan and implement the CRGE projects and programmes. These are known as implementing entities (IEs) and executing entities (EEs). IEs consist of federal line ministries, regions (through regional bureaus) and woreda sector offices. IEs are responsible for initiating Sector Reduction Action Plans (SRAPs), receiving funds and coordinating the overall implementation of activities. SRAPs define the critical reduction objectives and the 'what, where, when' priorities for the sector in question. EEs are responsible for the actual implementation of the CRGE actions on the ground. They include a wide range of non-state actors such as community organisations, the private sector, micro and small enterprises, academic/research institutions, think tanks and NGOs. The EEs are expected to prepare investment plans (funding proposals) for eventual financial support by the CRGE Facility. It is intended that, eventually, significant (90%) of financing will flow to EEs for implementation of CRGE activities.[183]

Funded projects and programmes will adhere to environmental and social safeguard policies and procedures designed to prevent and mitigate undue harm to people and their environment through the implementation of CRGE activities. This is a vital element of success in delivering sustainable development outcomes and achieving the CRGE vision. The CRGE Facility has adopted the WB Social and Environmental Safeguards Policies and Procedures. These have been adapted to the Ethiopian context, while at all times maintaining the meaning and intention of the safeguards and an equivalent level of robustness.

[181] Ministry of Environment and Forest 2014: CRGE HIGHLIGHTS.
[182] Eshetu et al. 2014: Climate finance in Ethiopia.
[183] Government of the Federal Democratic Republic of Ethiopia 2014: Climate Resilient Green Economy (CRGE) Facility. Operations Manual.

7.3.3.3 Management of funding

The CRGE Facility had developed detailed project appraisal processes and implementation cycles based on standardised timelines. This work flow encompasses all four steps of the SRM process, namely: i) develop (IEs) and validate SRAPs and Thematic Reduction Action Plans (TRAPs); ii) technical and financial review of SRAPs/TRAPs; iii) financial mobilisation and allocation of investment; and iv) monitoring and evaluation (M&E) of results.

Proposals can be submitted by IEs to one of the following two windows operated by the CRGE Facility:

- The Programmed Window provides support to line ministries and regional governments in the implementation of strategically planned programmes and projects. This window will exclusively finance the implementation of activities (investment plans) and associated institution-building requirements. Investment plans will be submitted by line ministries and regional governments, jointly or in parallel to the standard government budget process. Funds will be allocated by the Management Committee against the investment plans, on an annual basis.
- The Responsive Window funds demand-driven implementation and institution-building activities identified by non-state actors, such as NGOs, private sector organisations and researchers, in partnership with government institutions at federal, regional, local and community levels. This range of stakeholders is encouraged to put proposals forward which will need to demonstrate that they are aligned with CRGE goals as outlined in the CRGE Strategy, and in particular with published investment plans.[184]

By operating these two windows, the CRGE Facility will ensure that all funds can be allocated and utilised on a strategic basis to the priority sectors, ie: i) agriculture; ii) forestry; iii) power; and iv) transport, industrial sectors and buildings. The same rules and procedures will apply to both windows. Generally the CRGE Facility will seek to secure as much funding as possible (at least 80% of total funds, although ultimately this proportion will reflect the preferences of funders) for channelling through the Programmed Window.

The programmes and projects will be funded through a range of possible mechanisms, including, as appropriate: grants, concessional loans, guarantees, equity, debt swap, advanced market commitment, performance-based payment, public-private partnerships, co-financing, policy-based loans, adaptable programme loans, sector investment loans and discounted grants.

The CRGE Strategy identified over 60 potential green economy initiatives across multiple sectors. Many of these would offer a positive return on investments, thus directly promoting economic growth and creating additional jobs with high value-added. The following criteria were used:

- feasibility in local context: ease of technical and institutional implementation;
- effects on GTP: potential to contribute to reaching targets as outlined in GTP;
- abatement/avoidance potential: greenhouse gas emissions compared to business as usual; and
- cost effectiveness.

To date, in addition to the provision of support for the development of climate resilience and green economy project proposals for funding, the CRGE Facility has undertaken rigorous screening of the first set of project proposals developed for funding and implementation.[185,186,187]

[184] See: http://mptf.undp.org/factsheet/fund/3ET00 [08/08/2014].
[185] See: http://ethcrge.info/ccpapp/home.php [08/09/2014].
[186] Ministry of Environment and Forest: 2014: CRGE Highlights.
[187] See: http://mptf.undp.org/factsheet/fund/3ET00 [08/08/2014].

The progress of all funded proposals, and indeed the CRGE Facility as a whole, will be monitored through detailed M&E processes. These will be conducted in accordance with the principles and practices that have been developed by MoFED on the basis of extensive practical experience, and drawing on global best practice as appropriate. M&E will be based on logical frameworks (or equivalent results matrixes), regular reporting, field visits and review missions, stakeholder review meetings and the commissioning of independent reviews and evaluations. The CRGE Facility requires monitoring and evaluation at three levels:

- assessment of the performance of the CRGE Facility itself;
- assessment of the performance (individually and collectively) of the actions supported by the CRGE Facility; and
- where appropriate, detailed Measurement, Reporting and Verification (MRV) required by actions supported by the CRGE Facility.

7.3.4 Organisational and individual level

Expertise within the CRGE Facility team includes that provided by Finance and Technical Teams:

- A Finance Team, based in MoFED, provides administrative and analytical support necessary for the mobilisation, recording, allocation, management and oversight of pooled funds, ensuring that the CRGE Facility satisfies its fiduciary responsibilities to all finance partners, and provides project implementation advice. It also provides all administrative and analytical support necessary to receive and record proposals, liaises with the Technical Team, and undertakes monitoring, evaluation and reporting of approved actions.
- A Technical Team, led by MEF, provides technical support to the implementing entities to generate proposals, and facilitates and leads the technical review of proposals. It is also responsible for the measurement, reporting and verification of emissions and vulnerability outcomes stemming from approved actions.

Furthermore, participating United Nations organisations, Multilateral Development Banks and financial contributors are also able to provide advisory and capacity support to both the Management Committee and CRGE Facility Secretariat, as requested. In certain circumstances, and when invited, they may participate in meetings of the Technical and Financial Teams during appraisal and review of investment proposals, and in joint supervision missions of funded programmes as appropriate.

However, while capacity exists it is recognised that operating the Facility will require additional capacity within the government. Such capacity development will be provided to MoFED and MEF through strengthening their respective CRGE units. As such, a comprehensive institutional strengthening system has been designed for implementation, ie, the CRGE Capacity Development Programme. This programme will work at each of the systemic, organisational and individual levels, and encompass the critical disciplines of analysis and policy, coordination, financing and MRV, to ensure that the potential of the CRGE Strategy can be fulfilled.[188]

[188] Government of the Federal Democratic Republic of Ethiopia 2014: Climate Resilient Green Economy (CRGE) Facility. Operations Manual.

7.3.5 Soft factors for successful establishment and implementation

While the CRGE initiative is in the implementation phase, with the CRGE Facility having been established and capitalised, long-term sustained success is still to be realised. As stated above, this will require capacity-building at various levels. However, through the Facility establishment and initial operations, certain factors have emerged as important to successes to date. These include:

- the cross-sectoral nature of the Strategy and Facility, and inclusion of a range of government stakeholder inputs in the design of operational modalities;
- operational arrangements that have already, and will continue to be, subject to continual review and revision, to ensure they align fully with evolving circumstances and needs of the Strategy;
- the considerable appetite by the government to change and innovate to take advantage of new funding opportunities, reflecting the transformative ambition of the CRGE Strategy;
- the establishment of CRGE units within the existing structures of line ministries, demonstrating that while the technical capacity of federal institutions needs to be developed, the capacity to respond to the institutional demands of the CRGE is available;[189]
- the use of the existing public financial management system, which is cost effective;
- the early mover advantage that attracted funding – supported by political commitment and high-level buy-in (especially the Prime Minister's engagement regarding climate change);
- the quick capitalisation of the fund by developing partners.

7.3.6 Outlook

The CRGE sets out an ambitious national agenda. This task cannot be achieved by government alone. It requires the concerted efforts of all sectors of society: government, non-government, community, private sector, and innovative micro and small business actors. Therefore, besides soliciting, leveraging and ultimately acquiring further funds to allocate to projects and programmes in line with the CRGE Strategy, and distributing further funds already secured, the CRGE Facility will undertake a number of activities to strengthen the path towards successful implementation. This includes securing the active participation of all stakeholders in the policy process so as to maximise national and international buy-in. A particular focus on the links between public institutions and non-government actors is required. This is partly a result of government emphasis on inter-sector coordination, with less attention being given to important climate change stakeholders operating in the private, NGO and community space. Full engagement will be sought with non-state actors to secure the successful implementation of the CRGE. This engagement will be partly facilitated by the capacity-building that is required. There is an urgent need to improve the capacity of individuals engaged in climate change-related functions at all levels of federal and state governments through training and awareness-raising activities.[190] This will be achieved through the CRGE Capacity Development Programme.

The CRGE Facility will continue to seek accreditation through the AF. In this regard, further capacity is required to ensure that the principles of the AF are satisfied through the planned implementation arrangements. Successful accreditation will ultimately pave the way for accreditation with

[189] Eshetu et al. 2014: Climate finance in Ethiopia.
[190] Ibid.

the GCF, once operational. This accreditation will facilitate direct access by Ethiopia to global climate funds, ultimately contributing greatly to achieving the goals of the CRGE Strategy.

7.4 Green Fund – South Africa: blending abilities

The information in this section was obtained through meetings with Olympus Manthata, Investment Manager of the Green Fund, as well as through a review of publically available material. The meetings with Mr Manthata took place in Nairobi (3 July 2014) and Cape Town (16 August 2014).

7.4.1 Description of circumstances

The Green Fund was established in 2012 with the aim of providing catalytic support for innovative, green economy initiatives in South Africa. The motivation for the Green Fund was to support South Africa's transition to a sustainable, low carbon, resource-efficient and pro-employment development path, ie, a green economy. It has been designed to be complementary and additional to existing fiscal allocations. In line with the South African government's emphasis on evidence-based policy and strategy development, one of the Green Fund's key objectives lies in building an evidence base for the facilitation of an enabling environment supportive of South Africa's green economy transition. The Green Fund has been tasked with responding to market weaknesses, currently hampering this transition, through the following objectives:

- promoting innovative and high-impact green programmes and projects;
- reinforcing climate policy and sustainable development objectives through green initiatives;
- building an evidence base for the expansion of the green economy; and
- attracting additional resources to support South Africa's green economy development.[191]

The need for a fund to support the transition to green economy was identified in a 2010 process involving numerous national stakeholders and institutions, including the Economic and Employment Cluster, the Department of Environmental Affairs (DEA), the Development Bank of South Africa (DBSA), the Economic Development Department and the Industrial Development Corporation. This led to a Memorandum of Agreement (MoA) being signed between the DEA and DBSA, the implementing agent of the Green Fund, in April 2012. This allowed for the establishment of the required structures and systems within the DBSA for start-up and implementation. Green Fund operations commenced in September 2012. Green Fund staff took up their duties between August 2012 and February 2013.

The objectives stated above outline the targeted impacts that the Green Fund seeks to achieve. This includes show-casing replicable, high-impact and innovative green economy initiatives – thereby building an evidence base to inform national green economy policies and investment strategies. The Green Fund has been set up around three functional areas, applicable in each of three thematic financing windows. The three functional areas are: i) project development and/or investment in high-impact green initiatives; ii) research and policy development initiatives; and iii) capacity-building in green initiatives. Based on extensive research, stakeholder consultation and

[191] DBSA 2014: Policy Brief 1 – The Green Fund: Establishment, Process and Prospects.

consideration of policy priorities, the following three thematic financing windows were identified: i) Green Cities and Towns (GCT); ii) Low Carbon Economy (LCE); and iii) Environmental and Natural Resource Management (ENRM). For the research and policy development functional area, a fourth thematic window was added: Innovation for the Green Economy.

Across the thematic financing windows, the Green Fund aims to disburse 75% of available funds in the project development and/or investment functional area, 20% in capacity-building in green initiatives, and the remaining 5% in research and policy development initiatives.

7.4.2 Policy level

The overall vision of the Green Fund is to "support the transitioning of the South African economy to a low carbon, resource-efficient and climate-resilient growth path". More specifically, each of the three thematic windows has tailored visions:

- GCT: well run, compact and efficient cities and towns that deliver essential services to their residents without depleting natural resources.
- LCE: a low carbon economy aligned with the targets for a peak, plateau and decline trajectory for greenhouse gas emissions.
- ENRM: resilient eco-system services supporting the long-term development path.

The Green Fund has a great deal of political support. South Africa is one of the few developing countries with a fiscally supported fund geared to support the transition to a green economy.[192] This achievement has been made possible through the combined efforts and support of the DEA, the National Treasury (NT) and the DBSA. In 2012, the DEA received an allocation of US$80m[193] from the NT for a three-year period (FY2012/13-FY2015/16) for the establishment of the Green Fund. Additional finance has been allocated for the financial year FY2016-17, resulting in a total allocation of US$101m for establishment and implementation over a five-year period (FY2012/13 to FY2016/17).

The Green Fund, as a mechanism to support South Africa's vision of a greener and more sustainable economy, is inherently supported by the government's policy framework. In the 2010 National Strategy for Sustainable Development (five-year revolving strategy) and associated Action Plan, the transition to a green economy was identified as one of five strategic sustainable development priorities for South Africa. A suite of supportive macro-economic and sector-specific policies now echo the government's commitment to a green economy transition. This policy framework provides the foundation for the establishment of the Green Fund. This commitment is further captured in the New Growth Path (2010, ten-year framework), the National Development Plan (2011, 20-year plan) and the National Climate Change Response White Paper (2010).

7.4.3 Institutional level

7.4.3.1 Institutional integration

The operationalisation of the Green Fund required the establishment of an Investment Team, a dedicated Secretariat for administration, and governance structures including a Management Committee and a Government Advisory Panel. The Management Committee provides strategic oversight for the implementation of the Fund, in addition to approving funding of all project pro-

[192] DEA/Green Fund/DBSA 2013: Annual Report: 2012/2013.
[193] Using an exchange rate of 10 to 1 for South African Rand (R) to US$. The allocation from National Treasury was R800m.

posals. The Management Committee meets at least quarterly and is chaired by the Director-General of the DEA. Further representatives include those from the DEA, NT and DBSA.

In addition to the Management Committee, a Government Advisory Panel was established in July 2012 to advise on the positioning of the Green Fund and to share information with relevant departments of the range of greening initiatives across government. The Government Advisory Panel is made up of officials from the DEA, NT, DBSA, Department of Science and Technology, Economic Development Department, Department of Trade and Industry, National Planning Commission and Performance Monitoring and Evaluation unit (Presidency). This structure meets on a bi-annual basis.[194]

The Green Fund is administered by the DBSA, the implementing agency, and is housed within its Financing Operations Division. The Green Fund team comprises 12 full-time staff, led by an Investment Manager (Olympus Manthata).[195] Responsibilities include:

- recommending investment decisions to the Management Committee for approval;
- developing and managing the Investment Strategy;
- periodically reviewing the Investment Strategy and making amendment recommendations when necessary;
- evaluating new applications in line with the Investment Strategy;
- ensuring that investments are structured to comply with the Investment Strategy; and
- developing, implementing and maintaining up-to-date investment processes, including internal procedures, guidelines and templates for application for funds/support, application evaluation and investment monitoring manuals.

The Green Fund aims to attract potential foreign investment and additional national investments into the greening of the South African economy. This will further complement existing fiscal support. The Green Fund, therefore, actively seeks international and local partners from the private and public sectors that are interested in partnering through suitable financial and non-financial mechanisms. Through recent GEF accreditation of DBSA, the Green Fund will be able to access GEF funding in the short to medium term to maximise its ability to leverage other funding sources. Furthermore, the intention is to position the Green Fund as a potential catchment for GCF funding flows to South Africa. Gaining GEF accreditation provides acknowledgement of DBSA's fiduciary, ESS, supporting the Green Fund's availability to receive GCF funding.

7.4.3.2 Governance

Potential applicants and investees of the Green Fund are drawn from the private sector, public sector and civil society, as described below.

- Private sector applicants typically include small to medium-sized enterprises (SMEs) and large corporations.
- Public sector applicants typically include municipalities, state-owned enterprises, and research and higher education institutions.
- Non-governmental and community-based organisations typify the civil society applicants who have approached the Green Fund for support.

Besides thorough engagement in the establishment phase of the Green Fund, applicants and investees are engaged through both passive and active means to identify investment opportuni-

[194] DEA/Green Fund/DBSA 2013: Annual Report: 2012/2013.

[195] Additional team members include: Secretariat Manager, Policy Advisors, Fund Administrator, Portfolio Manager, Principal Investment Officers, Financial Analyst, Environmental Analyst, Legal Advisor and Fund Accountant.

ties. Passive origination includes both closed and open calls. Closed calls are where applications for investment are only considered during defined periods of time in a year, and the engagement with potential applicants is limited. Open calls are where applications for investment are considered on an unrestricted basis throughout the year. However, engagement with potential applicants remains limited through the open call method. Active origination, on the other hand, includes a business development approach wherein the Green Fund takes on a more pronounced role in finding, developing and securing potential investees. Applications are therefore considered as per business needs, with proactive engagement with the value chain and potential applicants to develop projects.[196]

In its initial phase, the Green Fund has largely adopted a passive approach to origination of applications through public requests for proposals (RFPs). To date, two public calls have been issued for two functional areas: i) project development and/or investment in high-impact green initiatives (RFP issued in 2012); and ii) research and policy development initiatives (RFP issued in 2013). These were preceded by a closed RFP initiated by the DEA among public sector institutions. In response to the first RFP, 590 applications totalling approximately US$1bn were submitted to the Green Fund for consideration. The majority were for the GCT thematic window. Private sector applicants, including SMEs, and municipalities provided the majority of applications. In response to the second RFP, 155 applications totalling approximately US$160m were submitted. Once again, the majority were for the GCT (as well as the Innovation for the Green Economy) thematic window, with the private sector providing the majority of applications.

Regarding safeguards for approved projects, the Green Fund makes use of the DBSA's comprehensive Environmental and Social Safeguard (ESS) Standards[197]. These standards draw on the GEF Minimum Environmental and Social Standards, the World Bank safeguards, the International Finance Corporation standards and AfDB safeguards. The ESS standards are derived from the DBSA Environmental Appraisal Framework and the Social and Institutional Appraisal Guidelines, and address six operating safeguard requirements that DBSA, and therefore the Green Fund, projects are expected to meet when addressing social and environmental issues. The first safeguard standard: i) environmental and social assessment, is an umbrella standard that establishes the importance of integrated environmental and social management to identify and manage the environmental and social impacts, risks and opportunities through a project life cycle. It also outlines the required community engagement processes through disclosure of project-related information and consultation with local communities on matters that directly affect them. The remaining safeguard standards cover: ii) protection of natural habitats; iii) involuntary resettlement; iv) community stakeholders and vulnerable groups (including Indigenous Peoples); v) physical and cultural resources; and vi) safety of dams. The implementation of these safeguard standards in specific sectors is guided by a suite of more detailed sectoral guidelines. In addition to meeting the requirements under the ESSs, projects funded by the Green fund must comply with applicable national laws, including those laws implementing South African obligations under international law. The ESSs include conflict resolution systems to address issues relating to the safeguards, using the DBSA's Accountability and Grievance Systems.

7.4.3.3 Management of funding

The Green Fund has an established project appraisal process. Prior to contracting and disbursement of funds, this includes pre-screening, early review report preparation, a first Management Committee review and approval/rejection, due diligence, project appraisal report preparation, and a second Management Committee review and approval/rejection. Post-contracting and disbursement, projects are monitored. Ultimately, there is an exit phase, as guided by an exit strategy.

[196] DEA/Green Fund 2013: Green Fund: Investment Strategy.
[197] DBSA 2014: Environmental & Social Safeguard Standards. Johannesburg, South Africa.

To date, 22 projects in the first functional area (project development and/or investment in high-impact green initiatives) and 16 projects in the second functional area (research and policy development initiatives) have been awarded funding through the Green Fund. The third functional area is still under design, and initiatives have yet to be funded. The total funding committed is US$67m. This represents 83% of commitments against the available funding allocation (US$80m for the first three years).

The 22 projects in the first functional area are disaggregated below:

- GCT and LCE thematic windows dominate.
- Notable sectors include sustainable waste management, renewable energy and payment for ecosystem services.
- The majority of approved projects are in the pilot and demonstration, project implementation and project development phases.
- Non-government and private sector companies were the main applicants who received support.
- Grant funding dominates in the financial instruments (see below for description of financial instruments).

The 16 projects in the research and policy development functional area are disaggregated below:

- GCT and Innovation for the Green Economy thematic windows dominate.
- Research grants were awarded to a broad spectrum of applicants, ie, non-governmental organisations (5), research institutes (4), universities (3), private (3) and public sector organisations (1).
- Research areas address social, financial and technological innovation in several key sectors including waste, energy, natural resources management, transport, construction and mining.

The Investment Strategy of the Green Fund sets out *inter alia* clear parameters on funding instruments that will be used to support green initiatives. These financial instruments encourage risk sharing through co-investment and seek multiple outcomes, including a reasonable financial return. They are further detailed below.[198]

- Grants (non-recoverable) are an allocation and/or contribution (in cash or kind) bestowed by the Green Fund to an eligible recipient, against an agreed set of deliverables consistent with the mandate of the Green Fund. The amount is generally not recoverable from the applicant during any period.
- Grants (recoverable) are as above, but the initial amount is generally recoverable from the applicant. Furthermore, an appropriate portion of the returns may be recoverable.
- Loans (concessional rates and terms) include an arrangement through which the Green Fund lends money to an eligible applicant against an agreed set of deliverables consistent with the mandate of the Green Fund. The applicant agrees to return the money (with interest) through a defined set of instalments at a specified period in the future. This is not contingent on the success of the intervention. The terms, such as interest rates and repayment period, may be concessionary, based on aspects of capacity/ability to repay.
- Equity includes an arrangement through which the Green Fund allocates money to an eligible investment target (or applicant), against an agreed set of deliverables, as a capital

[198] DEA/Green Fund 2013: Green Fund: Investment Strategy.

contribution in exchange for an ownership interest and associated economic and voting rights. Returns are derived through capital gains and dividends.

- Guaranteed arrangements are when the Green Fund assumes the risk of capital loss for an eligible investment vehicle (or applicant) for a defined level of capital contribution for a specific period of time. This guarantees a certain return to investors and/or a subordinated position in the distribution of the fund's profits in exchange for certain fees. This leverages and enables private investors to participate in high-risk green ventures with protection against major losses for some portion of capital invested.

Monitoring and reporting on Green Fund activities is undertaken as per the Monitoring and Evaluation (M&E) Framework. This is informed by the Green Fund MoA and Operational Guidelines, the three thematic windows, and prioritised activities agreed by the Management Committee. The audience for the M&E reporting system is detailed below.[199]

1. Green Fund Managers: require management information to aid decision-making and quality assurance and to support knowledge management.
2. Beneficiaries: require regular feedback to aid decision-making and quality assurance as well as support and guidance for their own M&E activities.
3. Green Fund Management Committee: requires sufficient information and analysis to enable it to make evidence-based recommendations on strategy and funding allocation decisions.
4. DEA, NT and any additional financing partners: require regular reports to assess programme progress and to fulfil their own accountability obligations.
5. Public: to ensure transparency about the use of public finance.

M&E and reporting is undertaken at three levels:

1. Green Fund Programmatic Level: to monitor and report on whether overall performance in terms of objectives has been achieved.
2. Green Fund Portfolio Level: to monitor and report against the design of the thematic windows and contribution to successful implementation of the Green Fund.
3. Green Fund Beneficiary Level: monitor and report at a beneficiary level progress on project implementation.

7.4.4 Organisational and individual level

In addition to the skills available through the 12 full-time staff on the Green Fund team, DBSA provides internal expertise in the form of environmental and social specialists, legal and procurement advisors, sector-specific specialists, and capacity in finance, risk and audit-related matters. Furthermore, a panel of 38 external technical experts have been pre-approved and are available to provide additional technical capacity as needed.

Capacity development projects and programmes that support the transition to a green economy constitute the third functional area of the Green Fund. The Green Fund seeks to support innovative and strategic capacity-building initiatives that will strengthen capabilities (infrastructure, resources, products and skills) to pursue green economy policy development, planning and implementation. In contrast to the approach adopted in addressing the first two functional areas, the

[199] DEA/Green Fund 2013: Green Fund: Monitoring and Evaluation Framework.

approach to operationalising this functional area has been to understand the policy framework, undertake a stakeholder engagement process, and, based on these, design targeted capacity-building interventions. The groundwork required to fund initiatives through this functional area is underway. This has included a roundtable discussion, convened in 2013 to *inter alia* provide insights into the formulation of appropriate objectives. The following priorities were identified: i) a coordination mechanism for green skills development and innovation; ii) a ‘greening’ of the public procurement system; iii) support of green skills development requirements in the 18 national Strategic Infrastructure Projects, budgeted at US$82bn; iv) capacity-building interventions within government institutions to, for example, influence budget allocations and support the transition to a green economy; v) a national dialogue processes to clarify and share the development of the core body of knowledge on green economy thinking; and vi) teaching/learning interventions to support an understanding of the green economy concept.

7.4.5 Soft factors for successful establishment:

In addition to ‘hard’ factors, such as the existence of an enabling national policy and regulatory environment, robust social and technological innovations, and political and financial support structures, the Green Fund has made use of a number of ‘soft’ factors to aid successful establishment. These include a complementary approach to funding, as opposed to a competitive stance that could potentially ‘crowd out’ other funders/investors. Furthermore, this complementary approach addresses the relevant financial risks, thereby removing an important barrier in the transition to a green economy.

Other factors include: i) a widespread engagement of potential applicants (albeit predominantly passive engagement with regard to the RFPs to date); ii) a flexible, ‘learn-by-doing’ approach that allows for recalibration of structures and processes to enhance the Green Fund’s catalytic intent; and iii) learning from and sharing experiences with other such funds. On a regional level, South Africa is among the frontrunners in developing green economy policies – other actors include Namibia, Mauritius, Seychelles and Mozambique. Like South Africa, Namibia has an established national environmental fund, the Environmental Investment Fund of Namibia. The two initiatives have already begun to share experiences, to the benefit of both funds. This sharing, inclusive of other existing as well as emerging funds, will continue through the operational phase of the Green Fund.

7.4.6 Outlook

In the initial phase of operations, the Green Fund has identified key green economy sectors, notably waste, renewable energy and energy efficiency, ecosystem services and sustainable transport, as possible areas for programmatic interventions. While the mandate of the Green Fund started off very broad, the design and structuring of future investments will shift towards a more targeted, programmatic approach.

Priorities for the immediate future include: i) active origination of ‘very high’ impact projects in targeted sectors; ii) an emphasis on risk sharing; iii) increased level of partnerships to leverage additional funds and/or co-fund initiatives; and iv) increased disbursement of funds in line with performance implementation plans. Active origination will target all applicant groups, but particularly private sector companies in the LCE and ENRM functional areas. Additionally, active origination will be undertaken in underrepresented provinces in South Africa.

7.5 Summary and discussion

General patterns emerge from our four African case studies. In the boxes we summarize and discuss the most important findings.

Summary: Domestic climate funds – examples from Africa

Motivations to engage in domestic funds and policy level

- The first message to note from comparing the four domestic fund models in Rwanda, Benin, Ethiopia and South Africa is that they do not focus only on adaptation policies. Rather, they centre around the vision of a green economy and highlight a strong development relevance. Often they are supported by a national vision endorsed at high political level on elements of achieving economic development and a healthy status of different natural resources.
- In terms of securing funding for green policy initiatives, both domestic and international sources have a role to play. Benin and South Africa, for instance, have both channelled national resources but have not yet successfully managed to tap into international climate finance flows. Ethiopia and Rwanda, however, are examples where international climate finance (predominantly bilateral) has been disbursed. Benin is remarkable in earmarking a national tax for funding environmental programmes.
- Also, the newly created DCFs often emerged from previously established environmental funds with a subsequent change in mandate to accommodate climate change considerations.

Institutional level

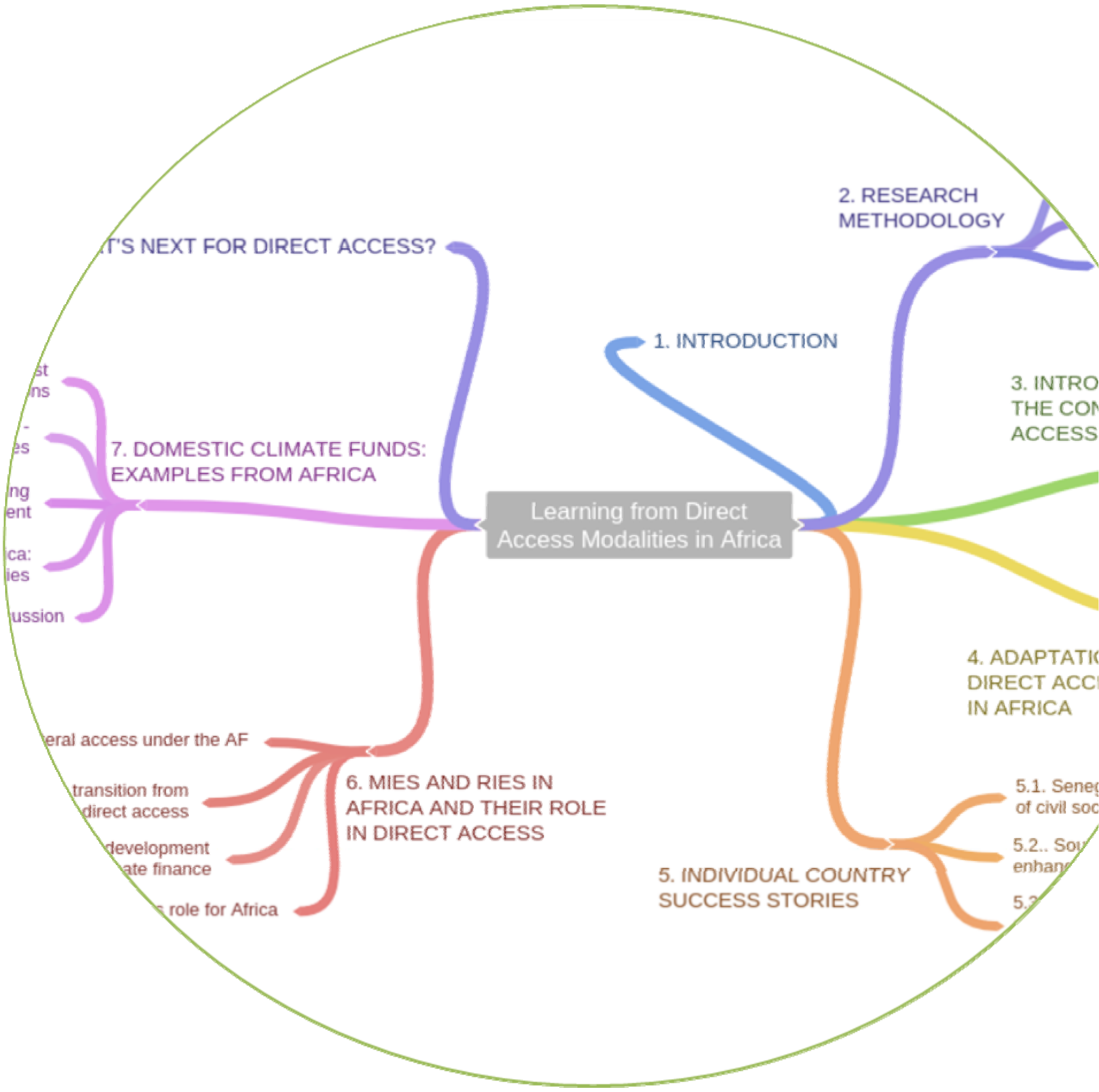
- In terms of policy guidance, leadership of the institution often lies with the Ministry of Environment. All researched domestic fund arrangements included strong elements of inter-ministerial coordination in governance arrangements. In some cases, the fund is directly connected to general national governance arrangements on climate change, eg, a national committee on climate change.
- In terms of vertical integration, however, there seems to be no dedicated effort by the four domestic funds to integrate fund operations towards municipal and local levels. Governance arrangements mostly represent considerations of horizontal integration between different line ministries.
- There are different levels of stakeholder participation in the four examples, with CSO representatives present, for instance, on the governing board or the management committee of the funds.
- The application of social and environmental safeguards is not clear in all funds. In the case of South Africa the system relies on the safeguards applied by the host institution of the fund, the DBSA. This is similar for the grievance system. In terms of grievance system more generally, there is room for improvement, with it not being communicated as one of the core features of the fund.
- Different models exist in terms of finance disbursement, including both active and passive calls for proposals. Often, portfolio allocation according to themes, were applied.
- Financial management differs between the funds. While Ethiopia, Rwanda and Benin operate grants-based only South Africa.

Summary: MIEs and RIEs in Africa and their role in direct access

Soft factors for successful establishment

- Presence of anti-corruption policies.
- A cross-sectoral nature of a domestic fund as well as the inclusion of a range of government stakeholder inputs in the design of operational modalities.
- Operational arrangements that have already, and will continue to be, subject to continual review and revision, to ensure they align fully with evolving circumstances and needs
- The considerable appetite by the government to change and innovate to take advantage of new funding opportunities, reflecting the transformative ambition of the domestic fund.
- The establishment of domestic fund units within the existing structures of line ministries.
- The use of the existing public financial management system, which is cost effective.
- High-level buy-in (especially the Prime Minister's engagement regarding climate change).
- The quick capitalisation of the fund by developing partners.
- Inclusion of other government departments, CSO and private sector in decision-making bodies;
- A complementary approach to funding, as opposed to a competitive stance that could potentially 'crowd out' other funders/investors. Furthermore, this complementary approach addresses the relevant financial risks, thereby removing an important barrier in the transition to a green economy.
- A flexible, 'learn-by-doing' approach that allows for recalibration of structures and processes
- The learning from and sharing experiences with other such funds.

8. Chapter: What is next for direct access?



8. Chapter: What is next for direct access?

In this chapter, a closer look is taken at the lessons that can be learned from the AF pioneering experience with direct access for the elaboration of the access modalities and the accreditation process of the GCF as they are finalized. Over its last several meetings, the GCF Board has made significant progress in defining its accreditation framework and initial environmental and social safeguards (ESS) and elaborating fiduciary principles for GCF-accredited institutions as well as an approach that will differentiate accreditation procedures based on the risk, scale, complexity and financial nature of the projects and programmes to be implemented by each respective accredited organization (the 'Fit-for-purpose' accreditation approach). The GCF Board has also started to discuss the possible modalities that would further enhance direct access and is preparing a pilot phase for such modalities. It has also defined how country ownership, a guiding principle for the GCF, can be operationalised, including through the provision of readiness and preparatory support to enable direct access of countries to the Fund and in support of National Designated Authorities (NDAs) or focal points. These most recent decisions are observed and their implications for the ability of African NIEs to take on a strong implementing role for the GCF are analysed, through which discussion of challenges and recommendations for strengthening their involvement in both the AF and GCF contexts are presented.

8.1 Access modalities under the GCF

The governing Instrument of the GCF contains a dedicated chapter devoted to access modalities and accreditation and details several options for the access modalities the fund will offer. Access to the Fund's resources will be through national, regional and international implementing entities accredited by the Board, with the recipient countries determining the mode of access, either direct or international access. This allows recipient countries to simultaneously use both access modalities at the same time[200]". Further, the GI indicates that the Fund will provide simplified and improved access to funding, to encourage a country-driven approach.[201]

There are two distinct access modalities offered by the GCF:

a. Direct access modalities; the direct access modalities also allow for the consideration of modalities that further enhance direct access;
b. International access modalities.

While the governing instrument only speaks of national, regional and international implementing entities, the GCF Board at its 3rd Board meeting in Berlin in March 2013 decided that the Fund would operate through "accredited national, regional and international intermediaries and implementing entities", thereby introducing the concept of intermediaries as being distinct from implementing entities and with implications for the type of functions performed by each.[202]

In the direct access approach, the implementing functions are devolved to accredited national bodies, while in the case of international and regional access the implementing functions are performed by accredited international and regional entities, such as United Nations UN agencies, MDBs, IFIs and regional institutions. In both cases, direct and international access, the manage-

[200] Para 45 in: GCF 2011: Governing Instrument for the Green Climate Fund.
[201] Para 31 in: GCF 2011: Governing Instrument for the Green Climate Fund.
[202] GCF Decision B.01-13/06, para. (c) (ii), in: GCF 2013: Decisions of the Board – Third Meeting of the Board. 13-15.03.2013.

ment function[203] is largely performed by the GCF with the exception of the financial intermediation which can be taken up by an accredited intermediary, but cannot be performed by an implementing entity. This differentiation is going further than what exists under the AF which is only offering grants. In contrast, the GCF is offering both grants and concessional loans for implementation with the expectation that blending or on lending or on granting of GCF resources could be managed by an accredited intermediary. Additionally, in the enhanced direct access scenario, a public intermediary takes responsibility for an approved programme. This means that the funding decisions on individual eligible projects or activities under such are programme are devolved to the subnational, national or regional GCF accredited intermediary in question. Often, the notion of enhanced direct access is associated with the financial intermediation, in which case this specific management functions is devolved to the intermediary. In fact, intermediation in the context of the Fund represents a specific case of fund management, which is devolved to accredited intermediaries meeting the corresponding fiduciary and project management standards (which the Board of the Fund decided in some detail at its 7th meeting in May 2014[204]).

In the case of GCF efforts for enhancing direct access, domestic climate funds, such as the ones discussed in the previous chapter, will take over a number of Fund operational management functions, once they are accredited to the GCF as intermediaries by meeting a more stringent set of fiduciary standards, namely so-called “specialized fiduciary standards” (explained further below) Funding and implementing functions would then be carried out by separate entities.

The range of access modalities to be offered by the GCF and elaborated in its governing instrument is obviously a result of lessons learnt by other funds, particularly the AF’s pioneering approach to direct access and a conscious limitation placed on the up-to-now most prevalent access modality of international access via a multilateral agency. It is to be seen in the context of the GI’s strong emphasis on country ownership and the intent to make GCF funding accessible to a wide range of diverse institutions with different capacities, which are to be encouraged to seek accreditation by the GCF once its accreditation framework becomes fully operational. It is also important to note that – in contrast to the AF which focuses only on public sector entities – in the GCF this will involve the accreditation of both public and private implementing entities and intermediaries.

In line with the strong focus of the GCF on country ownership, it is at the discretion of recipient countries to make a strategic decision about the type or number of access modalities they are intending to use. Drawing from the experience of the AF as elaborated in this study, it is to be expected that in the in the short-term African countries will be relying more on international access and experienced international agencies in order to address urgent adaptation needs, seize best mitigation opportunity and quickly access GCF resources. This is particularly likely for those African countries that have yet to accredit an NIE with the AF, but might also hold true for those that already have an AF-accredited NIE. The rationale behind this consideration is that countries in their strategic planning will weigh short term and long term strategic options. There is a tension at work: it might be detrimental to the country’s development approach to wait with their urgent climate projects until they have a national entity accredited by either the GCF or the AF, while at the same time there is a need to identify and strengthen domestic institutions to be accredited to the GCF and the AF a few years down the road. There is less tension in the longer term: the study seems to indicate a convergence of views in most of the African countries that they prefer to ac-

[203] Fund management functions: (i) Strategic fund management: Provision of strategic guidance and oversight; setting of fiduciary, environmental and social standards, policies, and accreditation and other procedures; strategic accountability functions for how finance is allocated; (ii) Country coordination: oversight and accountability, reviewing/approving activity proposals, no-objection procedures, approving accreditation requests (based on procedures determined by the Board); (iii) Financial intermediation.
[204] GCF 2014: Decisions of the Board – Seventh Meeting of the Board. 18–21 May 2014, Annex II, pp. 25-35.

credit their own institutions and then use those national implementing entities and intermediaries.

This longer term option is supported by the provision of readiness support in the GCF context, where a comprehensive work programme on readiness and preparatory support was decided at the 8th GCF Board meeting in October. The programme is explicitly linked to the Fund's accreditation framework.[205] Readiness support is also one of the distinct phases in the accreditation process for direct access at the discretion of the developing country.[206] Furthermore, as accreditation within the GCF context is perceived as a dynamic process (preventing life-long accreditation without reauthorization but also allowing for upgrading an accredited organization's status), there is the option for already accredited institutions to expand their field of intervention, for example by upgrading from basic to specialized fiduciary standards and thus taking on financial management capabilities for GCF project and programme implementation.

Lastly, it is important to stress that although the choice of the access modalities is at the discretion of recipient countries, the accreditation of institutions through which the GCF will channel its resources to recipient countries is mandatory. Only accredited intermediaries and implementing entities will be able to receive GCF funding. This means that at the most basic level, in order to register as an implementing entity (without expanded project management or financial intermediation capabilities which require additional accreditation as intermediary), all applicant institutions will have to meet basic fiduciary standards as well as the Fund's interim environment and social safeguard.[207]

8.2 GCF's accreditation framework – Differentiation and "Fit-for-Purpose"

The GCF Secretariat elaborates the main purpose of the Fund's accreditation process "as a means to ensure that the Fund's resources are used towards advancing the principles and objectives of the Fund, in ways that minimise the risk of fiduciary mismanagement or inadvertent environmental or social harm"[208] and an important mechanism to ensure that GCF funding "is used in a transparent, accountable and effective manner"[209].

The GCF accreditation framework is built on a set of guiding principles, including the understanding that the Fund's own fiduciary standards and ESS will be consistently in line with international best practices while in a continuous update and iterative process reflecting lessons learned, that the process will be dynamic enabling accredited entities to increase their scope of activities as their capacity increases over time, that the process will allow for readiness and preparatory financial support and that should be coherent with and integrate with other relevant provisions of the Fund. Some of the key provisions in this regard are the Fund's information disclosure policy and its redress mechanism.[210] A special emphasis is also placed on the coherence of the accreditation process with a still to be approved gender policy, which will elaborate and provide an action plan

[205] GCF Decision B.08/11. see in particular paras. (i) (iii) and (l). In: GCF 2014: Decisions of the Board – Eighth Meeting of the Board, 14-17 October 2014, pp. 12f.

[206] See GCF 2014: Decisions of the Board – Seventh Meeting of the Board, 18-21 May 2014. Annex I, pp.18f.

[207] Ibid, see Annexes II on approved fiduciary standards (pp.25-35) and Annex III on the GCF interim environmental and social safeguards (pp.36-38).

[208] GCF 2014: Guidelines for the Operationalisation of the Fit-for-purpose Accreditation Approach, p. 2.

[209] Ibid.

[210] GCF 2014: Decisions of the Board –Seventh Meeting of the Board, 18-21 May, 2014, p.14.

of how the GCF mandate of the governing instrument for a "gender-sensitive approach" to its funding can be fully implemented.[211]

The development of the guiding framework and procedures for the accreditation process of the Fund was undertaken following some fundamental decisions by the Board on its logical and operational context which took into account requirements for the accreditation framework of the Fund to: (i) enhance country ownership; (ii) accommodate different capacities and capabilities of countries; and (iii) accredit entities in a transparent, objective and credible manner, in line with the Fund's objectives, results and guiding principles.[212] In addition to ensuring a fair and objective accreditation process for applicants, the accreditation procedures and criteria put the onus also on all implementing entities and intermediaries once accredited to provide adequate and transparent access to information on activities funded by the Fund consistent with international best practices on financial disclosure and transparency and in line with the information disclosure guiding principles of the Fund.[213]

While in the AF many of the African entities seeking accreditation as NIEs just had to comply with fiduciary principles in the absence of an elaborated AF environmental and social policy (which was only approved in late 2013), for accreditation to the GCF all eligible applicants –international, national, regional and sub-national – need to meet the Fund's initial fiduciary principles and standards and interim ESS, in order to receive funding from the Fund. However, given that the GCF will have to rely on a multitude of different measures and instruments in order to fulfil its overarching mandate to promote the paradigm shift towards low-emission and climate-resilient development pathways in all developing country parties to the UNFCCC which are eligible to receive GCF funding, it is critical that Fund's accreditation process accommodates the gamut of capacities needed to deliver on its mandate, while preserving the consistency, credibility and transparency of its accreditation process.

This is in line with the recommendations from interviewees from NIEs and other organizations engaged with the Adaptation Fund in chapter 4.2.3, which called for more flexibility in the way policies and standards for accreditation are applied to applicant entities and on what qualifies as sufficient evidence of the application of policies and standards, as this is particularly challenging for newly established organisations without a lengthy track record and highly centralized entities that are subject to frequent political changes.

8.3 GCF initial fiduciary standards

The GCF addresses such considerations through the differentiation of its accreditation requirements and by taking a "Fit-for-purpose" accreditation approach (to be discussed later). Specifically, for its required minimum fiduciary standards, the GCF Board decided to make a distinction between basic and specialized fiduciary standards.[214]

a. Basic fiduciary standards will be applied to all the entities seeking accreditation and would refer to fundamental institutional capacities that need to be in place and fully functional in any entity seeking accreditation with the Fund.
b. Specialized fiduciary standards would relate to specific institutional capacities and resources that are required by the Fund and would therefore apply to a sub-set of all entities, according to the expected scope of responsibilities and roles to be assigned to the

[211] Para 3, in: GCF 2011: Governing Instrument for the Green Climate Fund.
[212] Ibid.
[213] GCF 2013: Decisions of the Board –Fifth Meeting of the Board,8⊠10 October 2013, p. 55.
[214] GCF 2014: Decisions of the Board – Seventh Meeting of the Board, 18-21 May 2014, Annex I, p. 15.

entity seeking accreditation. It would apply specifically to intermediaries involved in financial structuring including through blending, on lending or on granting or financial engineering of GCF resources.

The basic fiduciary standards consist of two sets of basic minimum fiduciary standards, namely i) Key administrative and financial (such as financial management and accounting and administrative capacities) and ii) Transparency and accountability (such as the existence of a code of ethics, ability for investigations and capacity to prevent or deal with financial mismanagement). They are thus not including detailed project management capabilities. In contrast, specialized fiduciary standards in addition to the basic fiduciary criteria add iii) project management criteria that refer to the necessary institutional capacity to manage, oversee and administer the full project or programme cycle from project preparation of a funding proposal to oversight and control of the implementation of a specific project or programme, including its monitoring and evaluation; iv). the ability to award grants and to allocate funding resources transparently to different executing entities; and v) financial instruments and functions that look at on-lending or blending of GCF resources, including investment and financial risk management capacities.[215]

In the case of direct access, these differentiated fiduciary standards mean that an national implementing entity will have to demonstrate institutional capacities for effective, transparent and consistent general and financial management and accounting with appropriate internal and external audit function and control frameworks to ensure that GCF grant financing is accounted for as it is passed on to executing entities on the national or sub-national level. For any national or sub-national institution that wants to work with GCF concessional loans, use GCF funds to blend with other resources or pass on GCF resources as grants or loans to other entities, accreditation with specialized fiduciary criteria as an intermediary will be needed.

In elaborating its own fiduciary standards and principles, the GCF at the request of the Fund Board looked at the accreditation or assessment/review processes used by other funds and institutions and stated some broad convergence on essentially a comparable set of fiduciary principles and standards with respect to key basic administrative, organizational and governance functions (basic fiduciary criteria).[216] A basic comparison of the categorization of these basic fiduciary standards for the GCF and the AF (see table 11 below) shows the similarity between the GCF's basic standards requirement for all implementing entities and intermediaries with the ones used by the AF.

Table 12: GCF and AF fiduciary standards

GCF	AF
Administrative capacities	Institutional Capacity
Financial capacities	Financial management and Integrity
Transparency and Accountability requirements	Transparency, self-investigative powers Anti-corruption measures

(Author compilation)

At the request of the Board at its 7th Board meeting, the GCF Secretariat prepared a gap analysis of institutions accredited at other relevant funds, including the AF against the GCFs fiduciary standards. Such a gap analysis is the first step for the consideration of entities already accredited under the AF, including all African NIEs under the GCF, for a potential fast-track accreditation with the GCF. At its 8th meeting in October in Barbados, the GCF Board decided that "entities accredited by

[215] Ibid.
[216] GCF 2013: Business Model Framework: Access Modalities, p. 7.

the AF up to the time of the Board decision and in full compliance with the AF's fiduciary standards are eligible to apply under the fast-track accreditation process for the Fund's basic fiduciary standards, [and] its specialized fiduciary standard for project management"[217]. However, the gap analysis identified some gaps of AF accredited institutions which specifically related to the transparency and accountability provisions of AF implementing entities, which would become a focus under a fast-track accreditation procedure. One example would be to ensure functional independence for investigative functions and elaborates on its purpose, authority and accountability.[218]

8.4 GCF Interim Environmental and Social Safeguards (ESS)

The GCF Fund adopted, on an interim basis, the set of eight distinct Performance Standards (PS) of the International Finance Corporation (IFC) as the Fund's ESS. While in its comparison of best practices at other existing funds the GCF Board had at first considered a safeguards approach in line with the AF's environmental and social principles, the Board at its 7th meeting in Songdo in May 2014 ultimately came out in favour of the much more elaborated IFC PS to be applied in conjunction with the IFC's Guidance Notes, which provide a very detailed elaboration on how each PS should be applied. The IFC PS will serve as GCF interim safeguards until the Fund's own ESS are fully developed over a three year period and through inclusive multi-stakeholder participation.[219] The package consists of eight standards with the first one, Performance Standard 1: Assessment and Management of Environmental and Social Risks, applying to all funding proposals. PS 2 through 8 establish objectives and requirements to avoid and minimize and, where residual impacts remain, compensate/offset the risks and impacts to workers, affected communities, indigenous peoples, and the environment.[220]

All GCF projects and programmes will be designed and implemented to be consistent with the Fund's interim ESS. However, the GCF Board has already indicated that not all PS will be relevant to all funding proposals and that PS 2-8 will be utilized in a modular way as needed. This is in line with the principle of the GCF accreditation process to have a "Fit-for-purpose" approach and to differentiate and categorize GCF projects and programmes according to their scope and risk (further elaborated in a later part of this chapter).

The IFC standards according to the Secretariat's paper are de facto global standard and recognized, particularly for the private sector and the availability of extensive support materials to help proponents to understand and meet standards. The principles of the AF environmental and social policy are regarded largely as a less detailed subset of the IFC PS in line with the more limited grant-based project finance that the AF is providing for projects that are considered overall to be less likely to be harmful to people and the environment.

The adoption of IFC PS as interim GCF safeguards was however contentious, with particularly CSOs calling for a consultative and human right-based approach that was able to strike the balance between robustness of requirement and capacity constraints of particularly national and sub-national entities in developing countries. They also challenged the assumption that the IFC PS did indeed constitute international best practice, pointing out that for example, the Asian Development Bank excelled over the IFC with respect to their meaningful and inclusive consultative

[217] GCF Decision B.08/03, para. f; in: GCF 2014: Decisions of the Board –Eighth Meeting of the Board, 14-17 October 2014, p.6.
[218] Ibid.
[219] GCF Decision B.07/02, paras. b) and c) and Annex III, in: GCF 2014: Decisions of the Board-Seventh Meeting of the Board, 18-21 May 2014, pp.3, 36-38.
[220] Ibid, p.16.

process, that the IFC PS in contrast to the AF environmental and social safeguard policy did not pursue human rights based approach, and that the UNFCCC REDD+ has already elaborated better non-carbon benefit safeguards with respect to forest management. Most critically, many observers challenged the track record of on the ground implementation of IFC PS, with the IFC's own complaints mechanism documenting serious shortfalls in IFC oversight over PS implementation by its intermediaries.[221]

As above-mentioned, the IFC standards were adopted on interim basis while the process of developing the Fund's own ESS, which will build on evolving best practices, will be completed within a period of three years after the Fund becomes operational, and with inclusive multi-stakeholder participation.[222]

As with respect to the fiduciary principles, the GCF Secretariat prepared a gap analysis of institutions accredited at other relevant funds, including the AF against the GCFs interim ESS for consideration at the 8th GCF Board meeting. This is a necessary first step to consider entities currently accredited under the AF, including all African NIEs under the GCF, for a potential fast-track accreditation with the GCF. At its 8th meeting in October in Barbados, the GCF Board decided that "entities accredited by the AF up to the time of the Board decision and in full compliance with the AF's fiduciary standards are eligible to apply under the fast-track accreditation process for the Fund's basic fiduciary standards, its specialized fiduciary standard for project management, and ESS" with an assessment for accreditation focusing on identified gaps.[223] For the AF accredited entities, the analysis determined an ESS gap. Specifically, they are asked to show that they "have the capacity to assess and manage relevant PS 1-8 environmental and social risks and impacts in line with the Fund's ESS" through an own environmental and social management system (ESMS), i.e. a set of management processes and procedures that allows an organisation to analyse, control and reduce the environmental and social impacts of its activities.[224] The Barbados GCF Board meeting was important for providing further clarity on the accreditation process under the GCF by allowing the GCF board to consider the different constituent elements that together determine the GCF accreditation approach. These include decisions in Barbados that determine entities eligible and the process for are fast-track accreditation[225] of entities already accredited at other relevant funds (including the AF), as well as guidelines for the operationalisation of the Fit-for-purpose accreditation approach[226] which recognizes the role of a wide range of entities, which differ in the scope and nature of their activities, as well as their capacities, in advancing the objectives of the Fund. At its 7th meeting in June, the GCF Board had already decided to categorize projects and programmes funded by the GCF according to risk and level of financial intermediation from Category A/Intermediation 1 (high level of environmental and social impacts with potential irreversibility and high level of intermediation), to Category B/Intermediation 2 (medium) to Category C/Intermediation 3 (low levels of environmental and social risk and low intermediation).[227] The accreditation framework accommodates these diversities by matching the nature, scale and risk of intended activities to the application of the initial fiduciary standards and the application of interim ESS.

[221] CAO 2012: Audit Report.
[222] GCF 2014: Decisions of the Board-Seventh Meeting of the Board, 18-21 May 2014, p.3
[223] GCF Decision B.08/03, para. f; in: GCF 2014: Decisions of the Board –Eighth Meeting of the Board, 14-17 October 2014, p.6.
[224] Ibid.
[225] GCF 2014: Assessment of Institutions Accredited by Other Relevant Funds and Their Potential for Fast-track Accreditation.
[226] GCF 2014: Guidelines for the Operationalisation of the Fit-for-purpose Accreditation Approach.
[227] GCF 2014: Decisions of the Board – Seventh Meeting of the Board, May 18-21, 2014, pp. 16f.

8.5 Guidelines for the operationalisation of the Fit-for-purpose accreditation approach

With regard to the GCF's Fit-for-purpose accreditation approach, the initial guiding framework for the Fund's accreditation process includes a set of core guiding principles that, among other principles, aim for a dynamic process that is reliable, credible and flexible.[228]. The goal of doing so is to ensure that the accreditation process will pursue rigorous, independent, objective and systematic assessment and review processes, while giving due attention to special circumstances of applicant entities.[229] The objective of the Fit-for-purpose accreditation approach is it specifically to match the nature, scale and risks of proposed activities to the application of the GCF initial fiduciary standards and interim ESS. Such an approach allows the GCF to reach out to and be attractive for a wide range of entities by introducing different compliance parameters in accordance with the intended scale and risk categorization of activities that the applicant entity plans to implement with Fund. It also aims at avoiding the creation of an unnecessarily long and burdensome accreditation process for entities.

In Barbados, the Board approved guidelines for the operationalisation of the Fit-for-purpose approach. It also requested the Secretariat to prepare the application documents for accreditation with the GCF and to open a call for submission of accreditation applications within four weeks after the 8th meeting of the Board by mid-November 2014. Further, the GCF also requested the Secretariat to develop a monitoring and accountability framework, which will include policies on the suspension and cancellation of accreditation to complement the operational guidelines approved in Annex I to decision B.07/02.[230]

The Fit-for-purpose accreditation approach is an important element of the GCF accreditation framework, and is meant to help avoid imposing unnecessary burdens on many applicant entities, particularly national and sub-national ones, thereby undermining the guiding principle of country ownership, unnecessarily limiting the operations of the Fund, reducing the swiftness of the start of its full operations, and particularly the ability of smaller entities to access resources for low risk interventions with few if any negative environmental and social impacts and minor levels of financial intermediation (not to exceed project management functions). Such an approach is in line with recommendations from study interviewees who had urged in reviewing AF experiences that going forward some flexibility should be granted to national implementers during the accreditation. The Fit-for-purpose approach should be seen as operationalising a dynamic process, which aims at enabling potential entities to increase their scope of activities as their capacity increases over time, should they want to do so. Accordingly, an NIE accredited by the AF could seek accreditation for funding proposals for no-to low-risk projects or programmes under category C or some category Bunder the Fund's scaled risk-based approach to project/programme implementation, provided that fiduciary and ESS gaps identified by the Fund's gap analysis have been addressed. As its capacity evolves, such an entity could gradually seek extension of its field of activities towards category A and B or larger scale activities, provided it is found to have the necessary additional capacities in a re-accreditation upgrade process. As it currently stands, the accreditation of each GCF accredited organization will be reviewed after five years.[231] The Secretariat will also further develop policies to deal with suspension and cancellation of accredited entities if it becomes necessary.

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[228] Ibid, p. 2.
[229] Ibid.
[230] Ibid.
[231] Decision GCF/B.07/11, in: GCF 2014: Decisions of the Board – Seventh Meeting of the Board, May 18-21, 2014 p.20.

8.6 Assessment of institutions accredited by other relevant funds and their potential for fast-track accreditation

At its seventh meeting, the GCF requested[232] its Secretariat to undertake an assessment, including a gap analysis, of institutions accredited by other relevant funds. The assessment and gap analysis presented in the subsequent meeting compares the fiduciary standards and principles and the ESS policies of the GEF, the AF, and the Directorate-General Development and Cooperation–Europe Aid of the European Commission (EU DEVCO) with those of the GCF.[233] The document recognized the overall compatibility and similarities between the GCF standards and safeguards and those of the institutions assessed and conclude that the entities accredited by those funds could be considered for fast-track accreditation with the GCF, provided they fill the gaps identified for specific funds. In the fast-track accreditation process, the accreditation assessment would then focus on the identified gaps primarily. Such eligibility for fast-track accreditation does not mean automatic accreditation for those institutions already accredited by the assessed funds. Rather, entities or groups of entities who meet other fiduciary and environmental and social principles and standards that are found to be comparable to the Fund's fiduciary standards and ESS[234] may find their accreditation shortened, as the part of the review related to the standards that are deemed comparable to GCF requirements is considered completed, and accreditation process will instead focus on assessing how the respective entity addresses the identified gaps with Fund's fiduciary standards and ESS. The fast-track application process does in no way negate the requirement that any entity wishing to be accredited by the GCF must meet both the Fund's basic fiduciary standards and ESS in order to be eligible for accreditation. Entities accredited under the AF specifically, are also invited to be considered under the specialized fiduciary standard for project management as part of a fast-track application. An AF entity may additionally apply for accreditation as an intermediary with the ability to fulfil other specialized fiduciary standards, such as grant-making or blending and on-lending.

[232] Decision B.07/02, in: GCF 2014: Guiding Framework for Accreditation, paragraph (l)(ii).
[233] GCF 2014: Assessment of Institutions Accredited by Other Relevant Funds and Their Potential for Fast-track Accreditation, p.42.
[234] Ibid.

Box 2: Findings of the GCF gaps analysis of entities accredited by the AF

Entities accredited by the AF up to the time of the GCF Board decision from Barbados (October 17, 2014) and in compliance with the Adaptation Fund's fiduciary standards are eligible to apply under the fast-track accreditation process for the Fund's basic fiduciary standards, the specialized fiduciary standard for project management, and ESS. The assessment for accreditation will focus on the following gaps pertaining to transparency and accountability, in so far as they are relevant to the entity's intended activities, which are to be addressed by the entity. Given the type of AF projects and programs and the requirement that accreditation for scaled-risk categorization is to be commensurate with their track record, entities accredited under the AF will be likely initially limited to funding proposals for no- or low-risk projects or programs under GCF risk Category C. Independent from the accreditation, individual projects and programs submitted by the accredited entity or intermediary will be reviewed by the Fund during the initial proposal review process.

The following fiduciary gaps have been identified for applicants accredited by the AF and are related to basic fiduciary criteria for the purpose of transparency and accountability and scope of investigation:

- Have publicly available terms of reference that outline the purpose, authority and accountability for the investigation function;
- Ensure functional independence by having the investigations function headed by an officer who reports to a level of the organization that allows the investigation function to fulfill its responsibilities objectively
- Publish guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process

For ESS, the following gap has been identified for applicants accredited by the AF:

- Have the capacity to assess and manage relevant Performance Standards 1-8 environmental and social risks and impacts in line with the Fund's ESS through an ESMS.

Source: GCF Decision B.08/03, para. f; in: GCF 2014: Decisions of the Board –Eighth Meeting of the Board, 14-17 October 2014, p.6.

In light of the very concrete determination by the GCF Board of relevant gaps exhibited by AF accredited entities, including African NIEs, with respect to GCF standards and safeguards, the AFB should consider at its next board meeting the implications of this assessment for its NIEs with the view to exploring ways to address these gaps (particularly with respect to the ESS) and to harmonizing its fiduciary standards with those of the GCF in the medium term. While there is no guarantee for automatic accreditation, for African NIEs of the AF the decision is an acknowledgement of how far they have already come and a significant milestone toward their accreditation with the GCF. The focus by a GCF fast track accreditation on the identified gaps (listed in table 11) also helps for a targeted preparation as well as focused institutional strengthening. It is important to repeat that this does not mean that African NIEs already accredited by the AF would be automatically accredited by the AF. For those NIEs that were accredited conditionally pending some improvements, , the GCF fast track accreditation process will look in addition to the gaps also at the extent to which the NIE has remedied the shortcomings that lead to a conditional accreditation under the AF.

As mentioned in earlier segments of this study, one of the main issues by study participants and interviewees that came up in the interviews and during the workshop held in Nairobi in July 2014 relates to the question of how the transition from multilateral to direct access in developing countries could be scheduled and managed more purposefully. The desire of African countries to transition from multilateral to direct access was in depth elaborated in chapter 6.2. of this document. The selection of one or several MIEs by a country to implement an AF project on behalf of a country does not mean that this country is not working simultaneously toward accrediting suitable national institution for direct access. On the contrary, the conversations made it very clear that in all countries assessed the intention is to work with their own institutions via the direct access modality in the medium to long term.

This intention holds important implication of African countries approach to and work with the GCF and its accreditation process, especially since given the focus of the accreditation procedures on the track record of institutions seeking accreditation it is likely that only few national entities will be accredited at the very beginning of the GCF's full operationalisation and most of the developing countries will use the experience and track record of MIEs and international intermediaries (many of which are expected to pass through the fast-track accreditation process quickly) to have some of their most urgent funding priorities approved and implemented. However, African countries working with MIEs to implement early GCF project and programmes in both mitigation and adaptation should demand that such proposals include strong capacity building and institutional strengthening components targeting domestic institutions with the potential to be accredited as NIEs under the GCF. The AF experience has shown that in absence of specific requests by recipient countries to MIEs to support them in setting up and strengthening own domestic institutions for Fund accreditation – in addition to the more usual focus on the development of bankable projects – MIE have no incentive to provide expertise and a proportion budget lines to do so.

Hence, the stipulation of the recent GCF Board decision on fast-track accreditation (decision B.08/03) which in para. (j) "[r]ecommends that international entities who apply for fast-track propose, as an important additional consideration of their fast track accreditation application, how they intend to strengthen capacities of or otherwise support potential sub-national, national and regional implementing entities and intermediaries to meet, at the earliest opportunity, the accreditation requirements of the Fund in order to enhance country ownership" is of crucial significance. It is an important first step towards ensuring that there will be an expected and sanctioned transition from international to direct access with a commensurate institution-building component as a direct determinant of the success of country ownership in the GCF. In doing so from the very outset, the GCF does not only help to promote the widespread application of the direct access modality by recipient countries, but also lays the foundation on which modalities for enhancing direct access can build eventually. This provision complements the targeted interventions supported through the GCF's revised readiness and preparatory support programme with its strong focus on support for accreditation of national and sub-national entities to the GCF.

However, the Board's could be strengthened in practice by involving organization in the process of accreditation as NIEs more actively in MIE project and programme implementation throughout the project cycle, including in project or programme development. Such a cooperation and involvement could include a regular exchange on the operational management of the projects, or a role in the preparation of the annual performance report. Importantly, the NIE could be included in the knowledge and result management processes, including in monitoring and evaluation missions.

Last but not the least, with regard to the accreditation framework, the board also decided to establish a policy on fees for accreditation. The purpose of the policy is to define the payments to be made by entities seeking accreditation to the Fund. The policy takes into account the financial capacities of institutions and aims at contributing to covering the costs from the accreditation process by differentiating fees according to the financial volume and the risk categorization of the project and programme level as well as charging separately for each individual specialized fiduciary standards, for which an entity seeks accreditation. These fees, building on the experience of the GEF which charges the same fee for applicants, will range up to USD 46,000. However, SIDS and LDCs interested in applying for the ability to implement micro and small-scale activities (up to USD 10 million) as well as entities receiving readiness support for accreditation will have their accreditation fees waived.[235] Most of the current AF NIEs would in all likelihood fall under these exemptions. The AF does not charge any fees for accreditation application.

In summary, the guiding principles for the GCF accreditation process stress the dynamic nature and continued update of its standards and safeguards based on international best practices which are evolving and on accountability, transparency, fairness and professionalism. It aims to balance reliability and credibility and robustness of its standards while retaining flexibility to accommodate different institutional capacities and national realities. These principles – while short of implementation experience – in theory address many of the concerns raised in the research for this paper. For instance, the GCF in its Barbados decision on the accreditation framework components acknowledged the severity of the language barrier for countries where English is not an official language. The Board therefore requested the GCF secretariat to work on a way to allow for the submission of applications in other United Nations official languages with due consideration of implications in terms of cost and complexity.[236] This rule to address the language barrier should not only apply to the accreditation process, but such a level of flexibility should also be granted for the submission of project and programme proposals, particularly by national and sub-national implementing entities. At this stage, in which decisions are still largely on the conceptual level but have not yet been implemented, it is difficult to assess the extent to which the GCF accreditation framework will be able to overcome some of the identified shortcomings from the AF experience and which new GCF-specific obstacles might become apparent. The good intentions by the GCF to accommodate in its framework for accreditation the realities in developing countries as well as the lessons learnt from other funds by giving due attention to the capacity constraints in developing countries are apparent. The accreditation-focused component of the GCF readiness programme, the 'Fit-for-purpose' approach, in combination with a scaled-risk programme and project categorization and a fast-track accreditation mandate are illustrative attempts to address this. At this stage of the process, all of the implications of the accreditation decisions of the 8th Board meeting of the GCF cannot be considered in full detail due to a lack of detailed decision documentation (specifically, the annexes to the decisions, which include the operational part of the Board's decisions, were not yet available as of mid-November). As the GCF is also not yet fully operational an analysis of the implementation of the accreditation process will have to wait.

However, it is to be expected that the challenges African NIEs have faced with their accreditation to the AF could be repeated for new domestic African entities looking to work with the GCF. As the research and analysis on the experiences of the African NIEs to the AF has shown, there is no single template for successful accreditation. Self-assessment tools should be made available to give interested entities a good first estimation of their respective strengths and weaknesses, and to gauge the prospect of accreditation success as well as help with expectation management. Learning from the AF experience, the GCF Secretariat should thus focus particular attention on the development of such a self-assessment tool as part of a broader accreditation tool-kit, which should provide step-by-step guidance to countries on how to find the right institutions. In contrast to the AF, where developing countries generally accredit only one institution (given the reality of the AF country cap of US$ 10 million), the GCF (with an expected significant initial funding endowment) will allow a single country to accredit a range of institutions and entities from both the public and the private sector, in line with the 'Fit-for-purpose' approach for a vast variety of activities and implementation approaches.

[235] GCF 2014: Policy on Fees for Accreditation, Annex II, pp.5-8.
[236] Decision B.08/06. In: GCF 2014: Application Documents for Submissions of Applications for Accreditation, para (c).

8.7 Country ownership

Country ownership and the strengthening of the engagement of relevant institutions and stakeholder on the country level have been identified as guiding principles for the GCF in its Governing Instrument in para.3. An emphasis on country ownership is thus also one of the distinguishing features that seek to differentiate the GCF from existing multilateral climate funds by putting recipient countries in the driver seat.

In the GCF, countries ownership as a determining factor of the GCF's business model framework refers largely to two core elements: a) the leadership of the national government in determining funding priorities for the GCF in any recipient countries (including through the application of a transparent no-objection procedure to public and private funding proposals) and b) country-level decision-making following country-wide coordination with comprehensive multi-stakeholder engagement.

In drawing on this broader understanding, the GCF Board has worked on detailing specific recommendation and applications of what national ownership means for the delivery of GFC support. The rationale behind is to ensure that all interventions financed by the GCF are owned by the recipient country as a whole and in line with its policy priorities and existing strategies. The discussion has focused primarily on the role to be played by a NDA or focal point as the primary liaison between any recipient country and the GCF in the context of decision making, accountability and coherence, the role of multi-stakeholder engagement, and the application of a transparent non-objection procedure, which the UNFCCC's COP in Durban in 2011 make an integral part of the decision to approve the Governing Instrument for the GCF and establish the Fund.

The Governing Instrument gives guidance by on the role of NDAs by stating that "recipient countries may designate a national authority" and this authority "will recommend to the Board funding proposals in the context of climate strategies and plans, including through consultation processes."[237]

A briefing paper prepared by the Secretariat for the sixth board meeting[238] focused particular attention on the implementation of a no-objection procedure as a safeguard to ensure funding proposals submitted to the GCF by implementing entities and intermediaries are consistent with the national climate change strategies and plans of the country in which the project or programme is to be implemented. It described the expectation by the GCF Secretariat and Board that a government ministry would typically be designated as the NDA; alternatively, as in the GEF, an individual government official could be designated as the GCF focal point.[239] Long-standing differences of opinion in the GCF Board over whether the no-objection procedure should be an active letter of endorsement or a tacit approval by running out the clock after a three weeks waiting period were only resolved at the 8th GCF Board meeting in favour of an active no-objection procedure. The decision in Barbados also approved initial best practice guidelines for the establishment of NDAs and focal points and asks countries to designate their specific liaison to the Fund no later than March 2015.[240] As of mid-October 2014, some 66 countries already designated their NDAs and focal points.[241]

At this point, and based on the finding of the NIE research, it is important to highlight the critical role the NDA will have in the selection of national and sub-national implementing entities and

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[237] Para 46, in: GCF 2011: Governing Instrument for the Green Climate Fund.
[238] GCF 2014: Country Ownership, p.2.
[239]Ibid, p. 10.
[240] GCF Decision B.08/10, in: GCF 2014: Decisions of the Board –Eighth Meeting of the Board, 14-17 October 2014, p.11.
[241] A list of NDA and focal point designations is available on the GCF website at http://www.gcfund.org/readiness/designations.html.

intermediaries to be accredited. However, the selection of candidates should be based on technical experience and implementation track record in climate-relevant sectors and activity areas under consideration of GCF requirements for fiduciary standards and ESS and not be a politically motivated one. Accredited NIEs should also be committed, once accredited, to strive to expand their areas of expertise and the range and scale of their project and programme implementation so as to better respond to their country's needs. Besides the role of the NDA or the focal point in serving as the liaison for a recipient country's communication with the Board and the Secretariat, and of acting as an authoritative interface that can ensure country ownership of projects and programmes to be funded by the Fund through the implementation of the no-objection procedure, NDAs and focal point in the GCF are giving another important role in domestic country coordination and multi-stakeholder engagement efforts. The GCF Board meeting in Barbados in October endorsed initial best-practice options for these and noted that specific guidance on multi-stakeholder engagement in the context of the development of funding proposals is also included and addressed in the Fund's ESS.[242] The NDA should play a pivotal role in coordinating priorities and activities in the country and facilitating convergence towards those priorities in a very consultative manner. Country coordination and multi-stakeholder engagement is relevant at two different but complementary levels: (a) at the level of strategic frameworks, national priorities, plans and strategies; and (b) for the country-owned development of funding proposals.[243]

Drawing on the experience from the Adaptation Fund (as described in earlier chapters of this study), the role of NDAs – as seen in the case of Benin – can be catalytic in advancing the country's perception about and engagement level with any fund and play a key role throughout the accreditation process of national and sub-national implementing entities and intermediaries. Although it is at the discretion of the recipient country to decide on the institutional nature of the NDA or the focal point and the level of involvement of multi-stakeholders in country coordination efforts, it is important to institutionalize the role plaid by the NDA or the focal point regardless of the nature of the ministry or institution they may emanate from. In addition, it is also critical for smooth implementation and achievement of tangible impacts on the ground to have a multi-stakeholder representation in the NDA endowed with the necessary right to influence the process. This is critical finding of this NIE study: the deeper and more comprehensive and meaningful the consultative process was, the smoother the subsequent implementation processes will be within the countries, as a level of country ownership which extends beyond the government is established as a best national practice at the very beginning of a recipient country's engagement with the GCF.

8.8 Stakeholder consultation

The GCF Governing Instruments mandates for the Board to promote "the input and participation of stakeholders, including private-sector actors, civil society organizations, vulnerable groups, women and indigenous peoples, in the design, development and implementation of the strategies and activities to be financed by the Fund. "[244] In terms of stakeholder input and participation in recipient countries, the GCF recognizes that effective engagement of relevant stakeholders through consultations is an essential element for a country's strategic framework as well as in the preparation of funding proposals. Consultative processes should be aligned with the Fund's soon to be approved gender policy as well as with the specific guidance on multi-stakeholder engagement included in the Fund's interim ESS. Rudimentary best-practice options for country coordination and multi-stakeholder engagement were also elaborated and endorsed in the October 2014 Board decision on country ownership (see section above). At its 7th meeting, the Board had al-

[242] GCF Decision B.08/10.
[243] GCF 2014: Investment Framework, p.5.
[244] Para 71, in: GCF 2011: Governing Instrument for the Green Climate Fund

ready approved the Fund's initial proposal approval process. However, this decision failed to elaborate that effective multi-stakeholder engagement at the recipient country level should start at the concept development stage coordinated by IEs, intermediaries or EEs. Likewise, multi-stakeholder input and participation should be part of the development of specific country work programmes for the Fund, with the NDA or focal points are invited to submit according to the initial proposal approval process for the Fund.[245]

In Barbados, the Board only found consensus on an initial very basic set-of best practice options. The language is important here as a discussion of options is significantly weaker than a Board guidance, let alone specific guidelines for mandatory implementation. It based its endorsement on best-practice options for country coordination and multi-stakeholder engagement on a country ownership paper prepared for the 6th Board meeting in Bali. It elaborated that for country strategic frameworks the NDA or focal point would be responsible for driving and coordination stakeholder engagement. For the development of specific funding proposals, the intermediary or IE would be responsible for coordinating and facilitating consultations and stakeholder engagement in line with Performance Standard 1 of the Fund's interim ESS and in accordance with future guidance to be provided in the context of the Fund's Environmental and Social Management System. The EE would typically undertake the consultation with stakeholders, under the coordination of the IE or intermediary. Relevant stakeholders are defined in the guidance notes of the Fund's interim ESS.[246]

As elaborated in chapter 4.5 of this study, the experience from the AF has highlighted the critical importance of consulting all relevant stakeholders in order to ensure sustainability, ownership of the project and implementation by those the project aims to target, particularly vulnerable groups and gender considerations. Consultation of often marginalized vulnerable people, including women, may show appropriate strategies address specific needs and achieve necessary outcomes. Consultation improves the effectiveness and efficiency of project preparation and implementation by preventing timely project adjustment, raising awareness and increasing the participation and involvement of all relevant members of society in the project, sharing experiences and knowledge which often help reduce implementation costs and improving project performance and impact.

While in the GCF, as in the AF, a NDA is in the driver seat to determine which national implementing entity is to be accredited or which project proposals is to be submitted, it is clear from the AF experience that in order to address the broader needs of a country and advance its strategic planning, the engagement of a multitude of stakeholders is required. Such engagement should bring together an inter-ministerial working group with a national committee on climate change, the private sector, and representatives of NGOs and key civil society groups, paying particular attention to the gender-sensitive involvement of women and vulnerable groups, including indigenous peoples.

Although the AF's strategic priority gives special attention to the most vulnerable group and gender, the AFB Secretariat has not developed any specific consultation guidelines. There is also no guidance for ongoing or continuous consultation throughout the project or programme cycle including in the form of participatory monitoring during project or programme implementation. Rather, the AF requests meaningful, inclusive and participative stakeholder consultation only in the context of the formulation of project/programme proposals. In contrast, the GCF Governing Instrument explicitly encourages the role of participatory monitoring involving stakeholders as part of it monitoring and results measurement approach (para. 57). In its best-practice options endorsed at its 8th meeting in Barbados, the Board acknowledges this by suggesting that country

[245] GCF decision B.07/03; in: GCF 2014: Decisions of the Board – Seventh Meeting of the Board, 18-21 May 2014, p. 47.
[246] GCF 2014: Country Ownership, pp. 6 and 12.

coordination mechanisms and multi-stakeholder engagement may support the on-going monitoring and evaluation of the Fund's projects and programmes throughout various stages of the project cycle.[247] A further development of the initial proposal approval process in the Fund, particularly with respect to post-approval implementation, should pay particular attention to this aspect of GCF stakeholder input and participation.

8.9 Enhanced direct access

The GCF Governing Instrument defines direct access as a distinct access modality for the Fund typified on the basis of the type of entity used to access GCF funding, namely through sub-national, national and regional (for example in the context of SIDS) implementing entities and intermediaries, both from the public and the private sector. At its June 2013 meeting the Board decided to consider additional modalities that further enhance direct access, including through funding entities with a view to enhancing country ownership of projects and programmes in line with the mandate in the GCF GI (para. 47). To enhance country ownership of projects and programmes, such modalities are intended to accommodate a broad range of country conditions and circumstances, balanced by accountability provisions to ensure the effective delivery of funding. An important objective of such modalities to further enhance direct access is the devolution of funding decisions to in-country funding entities. In its more recent discussions, the Board has interpreted enhancing direct access to mean primarily the delegation of authority for approving individual activity proposals to the national level by accredited sub-national, national or regional implementing entities or intermediaries. This is an option in the use of programmes where the GCF Board would make the decision on a programme of activities with decisions on individual projects under this GCF-approved programme devolved to the national level. Another potential area for enhancing direct access could be the area of policy actions, with an initial Fund-approved outcome-oriented project, under which the decision for individual policy actions (with corresponding funding implications) are then taken on the national level by accredited sub-national, national or regional entities or intermediaries.

Enhancing direct access through the devolution of individual funding decisions under an AF Board-approved program of activities to an accredited implementing entity is currently not an official option under the AF due in large part to the fact that the AF follows a project-by-project, not a programmatic funding approach. However, it is interesting that the GCF Secretariat in illustrating the potential applications for enhancing direct access under the GCF chose to highlight the experience of the South African National Biodiversity Institute, South Africa's accredited NIE with the AF, in developing a small grants facility with an AF grants in which decision-making on individual small funding allocations under that facility are devolved to a national entity. This underscores not only the important role that the AF has played in innovating direct access approaches, but also the willingness of the GCF to pick up on and improve on existing best practices. It also emphasizes the innovativeness of African NIEs and their potential to look how financing can achieve significant impact at the community level, specifically with regards to adaptation actions.

With the decision of the GCF Board at its 8th meeting in Barbados in October 2014 on additional modalities that further enhance direct access, including through funding entities (with NIEs to be understood as funding entities on the national level), the GCF Secretariat is asked to develop terms of reference for the modalities for the operationalisation of a pilot phase approach that further enhances direct access. These TORs will look specifically at the objective for the pilot phase, the type of entities to be involved and the specialized fiduciary standards required as well as give an indication about the type of activities to be undertaken, the timeframe and the financial

[247] Ibid.

volume of the pilot phase.[248] This pilot phase will be an important look ahead for African entities seeking accreditation as NIEs and national intermediation on what might be required medium- to longer term to be able to prepare for a GCF reality with funding decision making devolved to the national level and sub-national and national entities.

8.10 Readiness and Preparatory support

The provision of readiness and preparatory support is part of the DNA of the GCF with a provision in its Governing Instrument (para. 40) that the Fund “will provide resources for readiness and preparatory activities and technical assistance, such as the preparation or strengthening of low-emission development strategies or plans, NAMAs, NAPs, NAPAs and for in-country institutional strengthening of capacities for country coordination and to meet fiduciary principles and standards and ESS, in order to enable countries to directly access the Fund.[249] “It is the necessary corally to a guiding fund principle on country ownership and a strategic priority for the Fund to enhance (direct) access during the early stages of its operationalisation. It directly applies lessons learned from the experiences and challenges in supporting country ownership by other funds, including the AF and the GEF. They include the acknowledgement that enabling national-level engagement does need a specific programmatic focus with dedicated funding streams, including for significant upfront expenditures early in the operationalisation process as well as for an iterative focus on capacity building and institutional enabling for the duration of a fund’s existence.

It is therefore not surprising that the revised version of a comprehensive readiness and preparatory support programme approved at the 8th GCF Board meeting in Barbados in October focuses on facilitating core tasks of country ownership operationalisation in the Fund by strengthening the abilities of NDAs and focal points to develop national strategic frameworks and country programmes, develop mechanisms for country coordination and the engagement of stakeholders and coordinate with national, sub-national and regional candidates for GCF accreditation for direct access.[250] These are exactly the areas, where interviewees for this study, drawing on their experiences with the AF, felt more capacity building support, including through financial provision from the AFB Secretariat, would be desirable.

All developing countries will have access to the readiness and preparatory support of the GCF, with a total of USD 29 million approved initially to finance specific support activities. A floor of 50 percent of this financial support it to be provided to particularly vulnerable countries, including SIDS, LDCs and African states with a cap of USD 1 million per individual country per year. The deployment of all readiness and preparatory support funding at the national level will be led by the NDA or the focal point, who can be either the direct beneficiary or select delivery partners, including national and sub-national public and private institutions. Funding is to be used in support of the core objectives of the readiness programme, and include the following four priorities:

a. Country Coordination and Multi-Stakeholder Engagement: Supporting the NDA or focal point in accordance with the Board’s country ownership decision from Barbados to engage with regional, national and sub-national government, civil society and private sector stakeholders with regard to the priorities of the Fund and taking a gender-sensitive approach;
b. Strategic Frameworks and Country Work Programmes: Developing strategic frameworks for national engagement with the Fund (in line with decisions on country ownership and the initial approval process) by building on existing strategies and plans (such as low –

[248] GCF Decision B.08/09, in: GCF 2014: Decisions of the Board – Eighth Meeting of the Board, 14-17 October 2014, pp. 10f.
[249] Para.40, in: GCF 2011: Governing Instrument for the Green Climate Fund.
[250] GCF Decision B.08/11, in: GCF 2014: Decisions of the Board – Eighth Meeting of the Board, 14-17 October 2014, pp. 12-14.

emission development strategies, NAMAs, NAPs and NAMAs) and preparing country work programmes to be submitted by the NDA or the focal point to the GCF Secretariat;

c. Accreditation Support for Direct Access: Enabling regional, national and sub-national institutions to meet the accreditation requirements of the Fund, including for the fast-track accreditation process, in coordination with the NDA or focal point by deploying readiness funding to potential candidates; and
d. Programme and Project Pipeline Development: Supporting the development of initial pipelines of programme and project proposals that are aligned with the objectives and initial investment framework of the Fund and that will support a paradigm shift to low-emission and climate resilient development.

The central role of the NDA or the focal point in the Fund's readiness and preparatory support approach is underscored by the fact that the Fund Secretariat can provide up to USD 300,000 of direct support to help establish an NDA or focal point and to meet the costs of preparing country work programmes with country priorities for GCF funding. NDAs or focal points are tasked to coordinate with the Fund Secretariat and give their approval to prepare sub-national, national and regional IEs and intermediaries to apply for accreditation for GCF direct access. It is therefore all the more important that a country's NDA is striving to become a true country coordination mechanism by allowing for the involvement and participation in decision-making of multiple stakeholders from all relevant societal groups as well as local communities.

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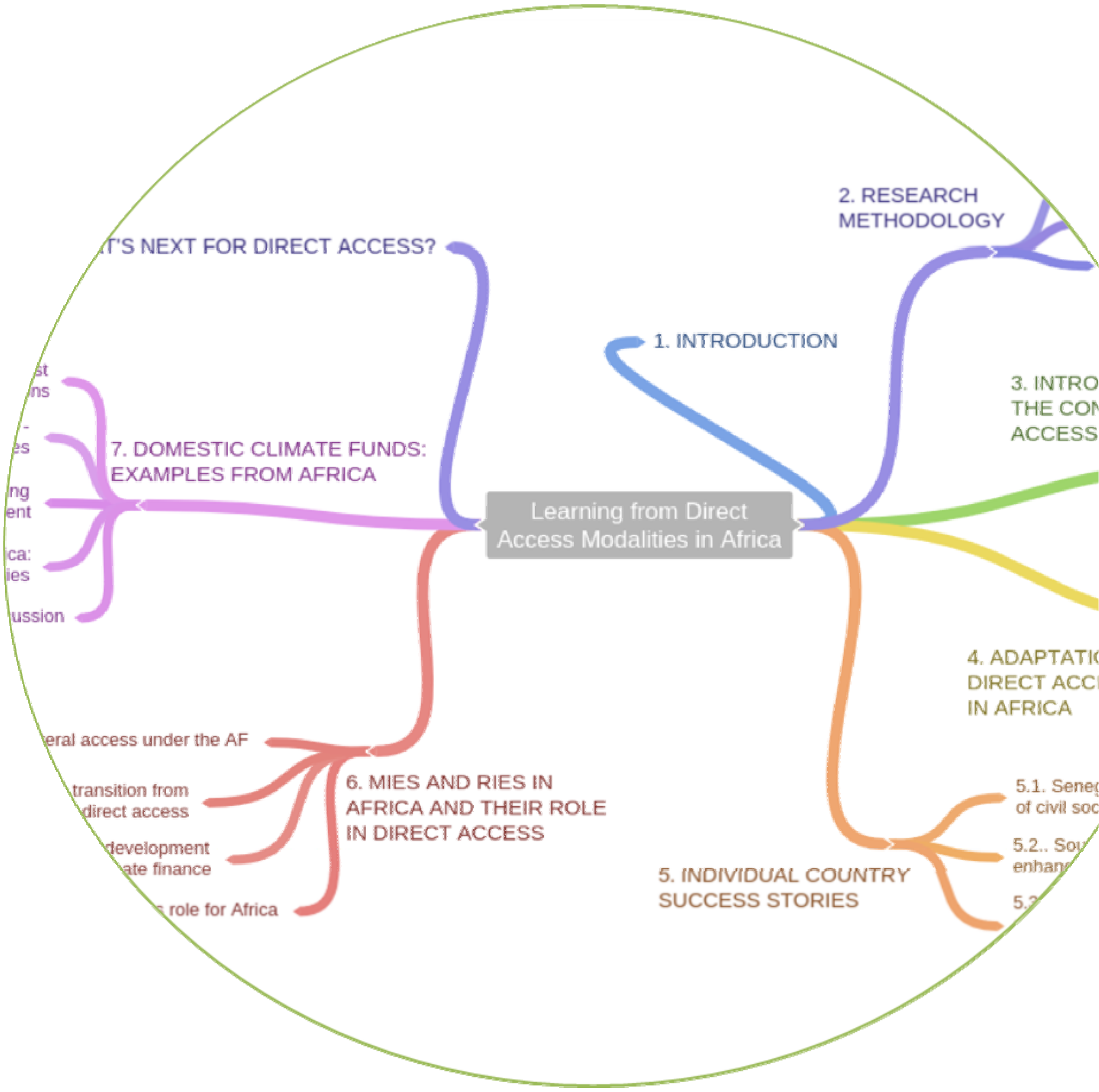
Learning from Direct Access Modalities in Africa
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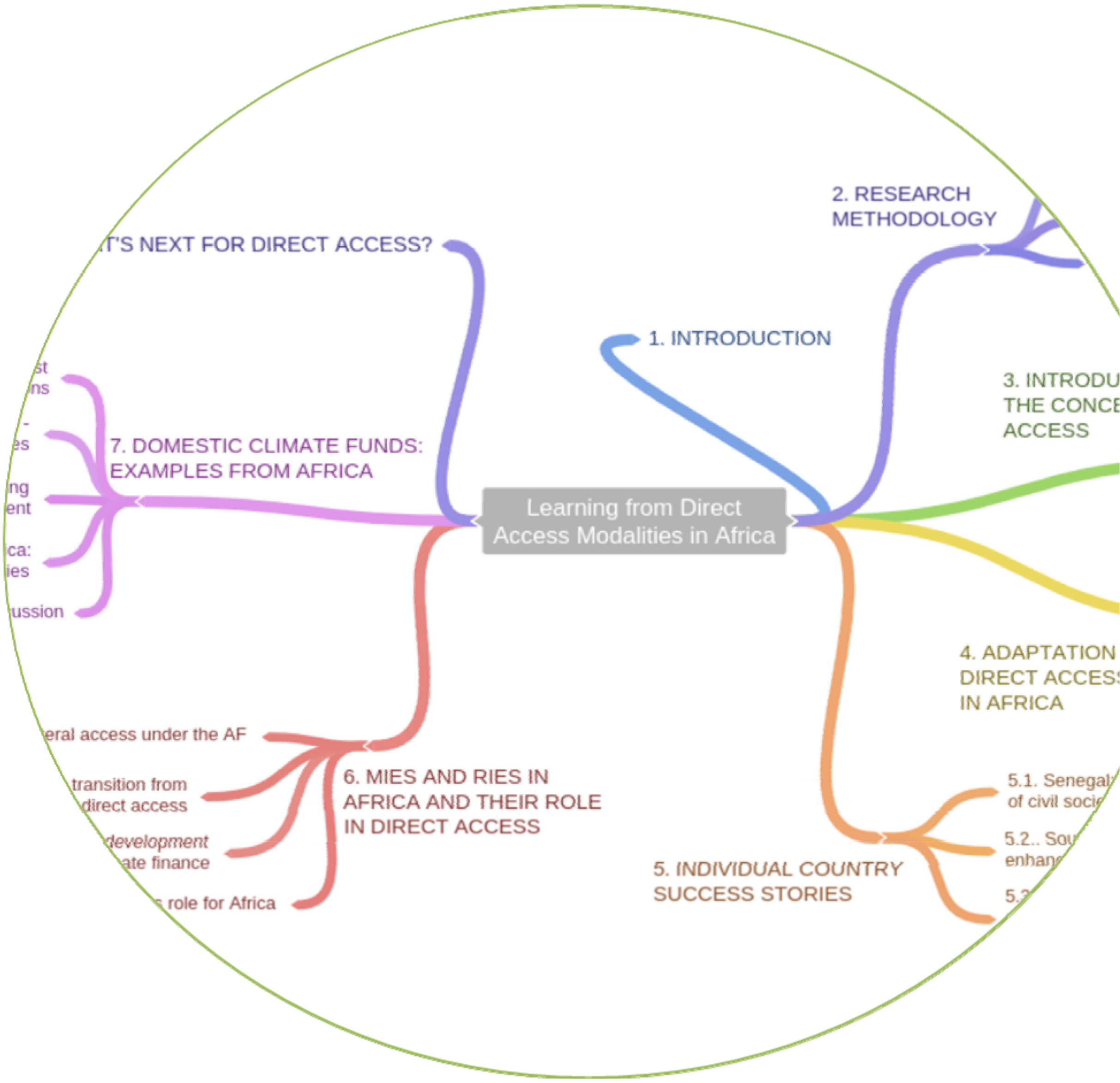
Annexes


Learning from Direct Access Modalities in Africa
1. INTRODUCTION
2. RESEARCH METHODOLOGY
3. INTRODU THE CONCE ACCESS
4. ADAPTATION DIRECT ACCESS IN AFRICA
5. INDIVIDUAL COUNTRY SUCCESS STORIES
6. MIES AND RIES IN AFRICA AND THEIR ROLE IN DIRECT ACCESS
7. DOMESTIC CLIMATE FUNDS: EXAMPLES FROM AFRICA
T'S NEXT FOR DIRECT ACCESS?

Annex I: Research questionnaire

1. Accreditation Phase
1.1 Pre-accreditation arrangement
These questions apply only to NIE/RIE/MIE 1. How were you informed about the access modalities offered by the Adaptation Fund? 2. By whom were you contacted and asked to apply to be an NIE/RIE/MIE? 3. Upon learning of the requirements, did you immediately think your institution was eligible to apply for accreditation? a. If yes, why? How did you arrive at that conclusion? b. If not, why not? c. What were the steps your organisation took to apply/inform relevant authorities of the plan for accreditation? These questions apply only to the NDA 1. How were you informed about the access modalities offered by the Adaptation Fund? 2. What is your country's position on direct access vs multilateral and regional access? 3. How were the NDA and NIE selected? What were the selection criteria and strategic considerations? 4. Which stakeholders/committee members were involved in this process (eg, government ministries)? a. What was their role? Did they have a say in the final decision-making? b. Was the selection process a political or technical one? c. Where high-ranking officials involved? What role did they play?
1.2 Accreditation process
1. When was your first contact with the AFB Secretariat, and how long did accreditation take? 2. Did some pre-assessment or pre-screening process take place? 3. Which in-country stakeholders were involved in the accreditation process? Why were they relevant? 4. If yes, were stakeholders asked for consultation/suggestions/input? 5. If yes, which methods for stakeholder involvement were chosen? (meetings, roundtables, phone calls)

6. Which part of the fiduciary standards was the most difficult to address? Why and how did you address them?
7. Which steps were undertaken to address them? Timeframe spent on compliance?
8. What kind of difficulties and barriers did you experience during the accreditation process (eg, lack of clarity on the process, language barriers, communication with the AFB Secretariat)?
9. Did you work with any external consultants during the accreditation? What was their role? How useful was their support?

Information provided by Accreditation Panel (AP)

1. How did you communicate with the AP (eg, frequency, method of communication)?
2. How satisfied were you with your interaction with the AP (eg, time taken to respond, clarity and level of detail)?
3. If the accreditation toolkit was available during the time of your accreditation process,
4. Did you use it?
5. What were its strengths and weaknesses?

Recommendations

1. What suggestions would you make to improve any aspect of the accreditation process?

1.3 Post-accreditation process

1. What were the specific recommendations made by the AF Board when you were accredited?
2. Was the accreditation conditional?
    a. What are the conditions?
    b. What progress have you made in meeting those conditions?
3. What organisational and institutional changes were necessitated by the accreditation to allow for the implementation of adaptation projects?
4. What are the main challenges you encountered? Have you been able to overcome them?
5. How was the accreditation communicated to stakeholders within the country? How has the achievement been received?

2. Implementation Phase

2.1 Design of projects

Identification of project concepts

1. How were the project's adaptation interventions identified? By whom?
    - Eg, an open call to all stakeholders to submit proposals or an internal government-driven process
2. What is the relationship between the identified projects and national plans or strategies dealing with climate change adaptation?
3. How do the AF projects complement other planned or existing national adaptation projects in the country?

Design of the proposal 1. Did you opt for one-step or two-step submission? Why? 2. Were feasibility studies and impact assessments undertaken? At what stage? 3. Which other stakeholders apart from government institutions were involved in the design process? What was their role? 4. How did you go about the stakeholder consultation process? 5. Workshop, ongoing field visits, meetings with the beneficiaries? 6. Did you adopt any specific consultative approaches? If yes, which one? 7. How did you ensure that the views expressed are really reflected in the proposal?
Development of project idea 1. How were the indicators and outputs for the projects defined? 2. How useful were the documents on the AF website in developing the project proposal? Any particular ones? 3. Did you seek any help from the AFB Secretariat when developing the project proposal? 4. Could you easily manage the project approval process yourself or did you need the help of an external consultant? 5. What is the difference, in your view, between concept note and fully developed proposal? 6. For what purpose and activity does the NIE use the project formulation grant? How ambitious could the design of the project be in the absence of this project formulation grant? 7. How was the executing entity chosen?
Submission of the proposal 1. How do you see the project approval process? Timeline? Feedback from the Secretariat? • How long was the timeframe between identification of the project and the final approval? • How many times did you have to revise your proposal before it received final approval?
2.2 Implementation of projects
Project inception 1. How long was the period between the signature of the legal agreement between the IE and the AF and the inception of the project? a. What were the reasons for the delay? b. Which kind of agreement exists between the IE and the executing entity? And with other service providers? 2. What institutional arrangements were made for the implementation of the project? a. Is there a steering committee established for the project? Who is represented? b. What role is played by the project beneficiaries? How are they consulted?

c. What steps have been taken to integrate M&E into the projects?

Interaction between the IE, EE and the government

1. What is the role of the government (ministries/DA) in project implementation?
2. How do the IE and EE respectively interpret their roles in the implementation phase?
3. Was a grievance mechanism established to settle disputes among all engaged stakeholders (eg, to clarify roles)?
4. Have there been any attempts to obstruct the implementation of the project by any of the actors? What measures have been taken to address this?

Questions for actors in national set up (e.g. government ministries or departments)

Decision for Access Modalities

1. What different access modalities have been used (to access international funding for climate initiatives)?
   a. Which of them best serves the interest of the country? Why?
   b. What measures have been undertaken to strengthen this approach?
2. How does the budgeting process for climate change work?
   a. Is there a sub-committee on climate in the parliament? What is its role in relation to climate finance?
   b. What percentage of the national budget is allocated to climate change?
   c. Which ministry or department manages the funds and decides on their use?
   d. How is the working relationship between the ministry in charge of climate change policy and the finance ministry?
   e. What is the role of the national coordinator on adaptation plans in the prioritisation of adaptation finance?
3. Is there an attempt in the country to secure additional funding to scale-up the AF funded project?
   a. If yes, how much funding has been secured and from where?
   b. What were the key criteria used by the project funders?
4. How should the DA and the focal point interact (if different persons or institutions) in order to enhance the mobilisation of climate finance?

Questions for MIEs and RIEs
MIEs
Access modality perception 1. Why did your country decide on classic access/against direct access? (Was the reason: (a) good experience with the multilateral agency or (b) specific preference for an MIE?) 2. Where do you see advantages/challenges regarding the classic access modality? 3. Do you perceive classic access as a transitional option on the way towards direct access?
RIEs
Country representatives 1. Would you submit a regional project, advantages/challenges? 2. How do you perceive the role of RIEs? RIE representatives 1. Which group of countries have endorsed your accreditation application? 2. How do you perceive your role as RIE in advancing climate adaptation in Africa? 3. Why should a group of countries submit a regional project, advantages/challenges? 4. What is the role of RIEs in supporting NIEs/direct access? 5. How do you intend to capitalise your accreditation, given the lack of guidance by the Adaptation Fund Board?

Annex II. Overview of interviews

Benin

Name	Organisation
Marc Didier Dubogan	Mairie de Cotonou
Fassimou Florencia	Mairie de Cotonou
Biaou Mathieu	National Fund for Environment (FNE)
Théophile Adje	National Fund for Environment (FNE)
Djibril Ibila	Ministry of Environment

Kenya

Name	Organisation
Betty Nzioka	National Environmental Management Authority (NEMA)
Dr Ayub Ndaruga	National Environmental Management Authority (NEMA)
Wangare Kirumuba	National Environmental Management Authority (NEMA)
Isabella Masinde	Ministry of Environment
Fatuma Mohammed	Ministry of Environment
Erastus Wahome	Ministry of Finance
Mwindandu Richard	Ministry of Finance
Izzy Birch	National Drought Management Authority (NDMA)
Victor Orindi	National Drought Management Authority (NDMA)
Emma Bowa	Care International in Kenya

Morocco

Name	Organisation
Meryem Andaloussi	Agency for Agricultural Development (ADA)
Mustapha Bendahbi	Point focal national des changements climatiques du ministère de l'environnement de l'Autorité Désigné
Mohamed Maktit	Ministry of Environment

Rwanda

Name	Organisation
Alex Mulisa	Environment and Climate Change Fund Rwanda (FONERWA)
Jahan Chowdhury	Environment and Climate Change Fund Rwanda (FONERWA)
Jon Macartney	Environment and Climate Change Fund Rwanda (FONERWA)
Caroline Kayonga	Ministry of Natural Resources (MINIRENA)

Senegal

Name	Organisation
Ernest Dione	Deputy Director Environment
Déthié Ndiaye	CSE – NIE Coordinator
Aïssata Sall	CSE – NIE Coordinator Assistant
Fatou Guène	DA- Directorate of Environment
Penda Seck	District Committee member, Saly
Ousmane Guèye	Mayor of Saly
Pierre Diokh	Deputy Mayor Joal-Fadhiouth
Sow Yama Ndiaye	Dynamique femme Association
Diouph Moustapha	Dynamique Femme Association
Fall Massaer	Project Officer-Saly 'Green Senegal'
Seck Pape	Project Officer-Rufisque 'Green Senegal'

South Africa

Name	Organisation
Mandy Barnett	South African National Biodiversity Institute (SANBI)
Guy Midgley	South African National Biodiversity Institute (SANBI)
Gigi Laidler	South African National Biodiversity Institute (SANBI)
Carl Wesselink	South South North
Olympus Manthata	Green Fund
Stephen Law	Environmental Monitoring Group
Amanda Bourne	Conservation South Africa

Tanzania

Name	Organisation
Dr Julius Ningu	Vice President's Office-Division of Environment (VPO-DoE)
Eng. Ladislaus Kyaruzi	Vice President's Office-Division of Environment (VPO-DoE)
Clara Makenya	United Nations Environment Programme (UNEP)
Lars Christiansen	United Nations Environment Programme (UNEP)
Stuart Crane	United Nations Environment Programme (UNEP)
Jimreeves Naftal	Ministry of Finance
Eng. Chionda Kawawa	Dar es Salaam City Council
Lilian Lukambuzi	National Environment Management Council (NEMEC)

Interviews for BOAD (West African Development Bank)

Name	Organisation
Tchinguilou Abiziou Paul	Togo Ministry of Environment

Interviews for OSS (Sahara and Sahel Observatory)

Name	Organisation
Nikola Rass	OSS (Sahara and Sahel Observatory)

Interviews for AfDB (African Development Bank)

Name	Organisation
Osman Elasha Balgis	AfDB (African Development Bank)

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For further information, please contact one of our offices

Germanwatch – Bonn Office
Kaiserstrasse 201
D-53113 Bonn, Germany
Phone: +49 (0)228 / 60492-0
Fax: +49 (0)228 / 60492-19

Germanwatch – Berlin Office
Stresemannstr. 72
D-10963 Berlin, Germany
Phone: +49 (0)30 / 2888 356-0
Fax: +49 (0)30 / 2888 356 -1

E-mail: info@germanwatch.org

or visit our website:

www.germanwatch.org