



---

**Conference of the Parties serving as the meeting  
of the Parties to the Kyoto Protocol**  
Eighth session  
Doha, 26 November to 7 December 2012

Item 10(a) of the provisional agenda

**Adaptation Fund**

**Report of the Adaptation Fund Board**

**Report on the workshops on the process and requirements  
for the accreditation of national implementing entities for  
direct access under the Adaptation Fund to the  
Conference of the Parties serving as the meeting  
of the Parties to the Kyoto Protocol**

**Note by the secretariat\***

*Summary*

Four workshops on the process and requirements for national implementing entities for direct access under the Adaptation Fund were held in 2011 and 2012 for the African, Latin American and Caribbean, Asian and Eastern European regions and the Pacific subregion. The workshops also included an in-depth explanation of the fiduciary standards of the accreditation process under the Adaptation Fund. This report provides information on the three regional workshops and the one subregional workshop organized by the secretariat. It includes an overview of the proceedings, a summary of the outcomes and a section on issues raised by the participants for further consideration.

---

\* This document was submitted after the due date owing to the need for internal consultations.

## Contents

	<i>Paragraphs</i>	<i>Page</i>
I. Introduction.....	1–4	3
A. Background .....	1	3
B. Mandate .....	2	3
C. Scope .....	3	3
D. Possible action by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.....	4	3
II. Proceedings of the workshops.....	5–14	3
III. Summary of the workshops.....	15–46	6
A. Background information on the Adaptation Fund and the process for accessing resources through the direct access modality.....	15–17	6
B. Accreditation process for national implementing entities, including key elements of fiduciary standards .....	18–19	7
C. Fiduciary standards of the Adaptation Fund.....	20–26	7
D. Case study: presentations by national and regional implementing entities.....	27–36	8
E. The project cycle and project approval process.....	37–40	9
F. Individual and group consultations.....	41–46	10
IV. Issues and recommendations raised by the participants for further consideration ..	47–51	11

## **I. Introduction**

### **A. Background**

1. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), by decision 5/CMP.6, paragraph 8, requested the secretariat, subject to the availability of resources, in consultation with the Adaptation Fund Board (AFB), and making use of the Adaptation Fund (AF) Accreditation Toolkit, lessons learned and best practices, to conduct up to three regional or subregional workshops, with the possibility of another, in order to familiarize Parties with the process and the requirements of the accreditation of national implementing entities (NIEs).

### **B. Mandate**

2. By decision 5/CMP.6, paragraph 11, Parties requested the UNFCCC secretariat to report to the CMP at its eighth session on the outcomes of the workshops, in order for Parties to assess the efficiency and effectiveness of the workshops at that session.

### **C. Scope**

3. This report provides information on the three regional workshops and the one subregional workshop organized by the secretariat in response to the request from the CMP referred to in paragraph 1 above. It includes an overview of the proceedings, a summary of the outcomes and a section on issues raised by the participants for further consideration.

### **D. Possible action by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol**

4. The CMP may wish to consider the information contained in this report with a view to assessing the efficiency and effectiveness of the workshops and to discussing further guidance to the AFB.

## **II. Proceedings of the workshops**

5. In 2011 and 2012, the secretariat, in consultation with the AFB and its secretariat, pursuant to decision 5/CMP.6 and in collaboration with the Governments of Panama, the Philippines, Samoa and Senegal, and the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP), organized three regional workshops and one subregional workshop on the process and requirements for the accreditation of NIEs for direct access under the AF. Invitations for the workshops were sent to all Parties eligible for funding through the AF: either to the Party's designated authority (DA) to the AF, or to the national focal point of the Party. A total of 264 experts from 102 developing country Parties attended the four workshops. Thirty observer organizations also attended the workshops and five accredited NIEs and one accredited regional implementing entity (RIE) delivered presentations. The following workshops were organized:

(a) The workshop for the African region was held in Mbour, Senegal, on 5 and 6 September 2011. It was attended by 90 participants, including experts from 33 developing

country Parties, representatives of African accredited NIEs from Senegal (Centre de Suivi Ecologique (CSE)) and Benin (Fonds national pour l'environnement) and observers from the Government of Japan, the European Union, UNDP and UNEP;

(b) The workshop for the Latin American and Caribbean region was held in Panama City, Panama, from 10 to 12 November 2011. It was attended by 45 participants, including experts from 26 developing country Parties, representatives from accredited NIEs from Belize (Protected Areas Conservation Trust (PACT)), Jamaica (Planning Institute of Jamaica (PIOJ)) and Uruguay (Uruguayan National Agency of Investigation and Innovation), the Chair of the AFB and representatives of UNDP and the International Fund for Agricultural Development;

(c) The workshop for the Asian and Eastern European regions was held in collaboration with the Government of the Philippines in Manila, the Philippines, from 19 to 21 March 2012. The workshop was attended by 68 participants, including experts from 29 Parties, representatives of accredited NIEs from Jordan (Ministry of Planning and International Cooperation of Jordan) and Senegal (CSE), and observers from UNDP, Gesellschaft für Internationale Zusammenarbeit, the Asian Development Bank and the United States Agency for International Development Adaptation Asia-Pacific Project;

(d) The workshop for the Pacific subregion was held in collaboration with the Government of Samoa in Apia, Samoa, from 23 to 25 April 2012. It was attended by 61 participants, including experts from 14 developing country Parties, a representative of an accredited NIE from Belize (PACT), a representative of an accredited RIE from the West African Development Bank (BOAD) and observers from UNDP, UNEP, the secretariat of the Pacific Regional Environment Programme (SPREP), the Pacific Islands Forum secretariat and the Government of Australia.

6. The workshops were organized by the secretariat with the kind support from the Governments of the Panama, Philippines, Samoa and Senegal, UNEP and UNDP. Financial support for the organization of the workshops was provided by the Governments of Australia, Japan, Norway, Spain, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland.

7. Since the holding of the first workshop in September 2011, 20 implementing entities from different developing country Parties have applied for accreditation, and eight NIEs have been successfully accredited by the AFB to receive direct financial transfers from the AF in order to carry out adaptation projects and programmes. As of March 2012, the AFB had approved funding for 18 projects and programmes through the AF, with cumulative funding decisions to NIEs and multilateral implementing entities (MIEs) totalling USD 115.82 million.<sup>1</sup> Two of those projects are being implemented by NIEs via direct access. In order to facilitate direct access, as per AFB document AFB/B.12/6, decision B.12/9, the cumulative budget allocation for funding projects submitted by MIEs should not exceed 50 per cent of the total funds available for funding decisions at the start of each AFB session. Furthermore, 90 developing country Parties currently have DAs registered with the AF.<sup>2</sup>

8. Documents and presentations from the workshops and further information on the workshops and the AF is available on the UNFCCC<sup>3</sup> and AF websites.<sup>4</sup>

9. While the first workshop was two days long, the subsequent workshops had a duration of three days, following on from the recommendation by the AFB contained in AFB document AFB/B15/8, decision B.15/7, which drew on lessons learned from the first

---

<sup>1</sup> <[http://fiftrustee.worldbank.org/webroot/data/AF\\_TR\\_1.pdf](http://fiftrustee.worldbank.org/webroot/data/AF_TR_1.pdf)>.

<sup>2</sup> <<http://www.adaptation-fund.org/page/parties-designated-authorities>>.

<sup>3</sup> <[http://unfccc.int/cooperation\\_and\\_support/financial\\_mechanism/adaptation\\_fund/items/6193.php](http://unfccc.int/cooperation_and_support/financial_mechanism/adaptation_fund/items/6193.php)>.

<sup>4</sup> <<http://www.adaptation-fund.org/page/workshop-accreditation-national-implementing-entities>>.

workshop. The participants proposed that an additional day be added to the workshops to provide more time for further expert explanations and additional individual and group consultations between all stakeholders.

10. All the workshops were structured around the following six sessions:
  - (a) Background information on the AF and the process for accessing resources:
    - (i) The overall context and operational policies and guidelines of the AF, especially as they relate to the accreditation process and access modalities;
    - (ii) The roles and responsibilities of NIEs and DAs;
    - (iii) General criteria for identifying appropriate NIEs;
  - (b) The accreditation process for NIEs:
    - (i) An explanation of the accreditation process and its key underlying fiduciary standards;
    - (ii) Familiarization with the Accreditation Toolkit of the AFB;
  - (c) The fiduciary standards of the AF:
    - (i) An in-depth explanation of the fiduciary standards of the AF;
    - (ii) An example of a completed accreditation form, to help the participants get a better understanding of how to complete the accreditation application for NIEs;
  - (d) Case study: presentations by NIEs and RIEs:
    - (i) Presentations of concrete examples of the accreditation process of an NIE;
    - (ii) The sharing of experiences and lessons learned from the NIE;
  - (e) The project cycle and project approval process:
    - (i) An overview of the project cycle of the AF;
    - (ii) A description of the project approval process;
    - (iii) A description of the strategic priorities established by the AFB;
    - (iv) Group and individual consultations: an opportunity to consult accreditation experts of the Accreditation Panel of the AF, representatives of the AFB and UNFCCC secretariats, and representatives of NIEs, RIEs and MIEs, both in group and one-on-one consultations.
11. Prior to attending the workshops, the participants were invited to complete a pre-workshop survey, with the aim of using the participant's feedback to better customize the presentations of the sessions for the participants. Among other questions, the participants were asked to elaborate on the following:
  - (a) How familiar their government was with the accreditation process;
  - (b) Whether their government was planning to seek accreditation for an implementing entity as an NIE for direct access under the AF, and, if so, by when;
  - (c) The major challenges for a government when seeking accreditation for an implementing entity as an NIE for direct access under the AF.
12. The expectations of the participants regarding the workshops included the following:
  - (a) Understanding how to locally identify NIEs and the criteria of the fiduciary standards for the selection of NIEs;

- (b) Receiving feedback on an application and understanding the type of documentation required;
- (c) Understanding how to effectively utilize the Accreditation Toolkit and the operational policies and guidelines;
- (d) Learning from the experiences and practices of accredited NIEs;
- (e) Obtaining practical information on the project submission and approval process.

13. The participants of the workshops were also invited to complete a workshop feedback form following the conclusion of the workshops; that was undertaken with the aim of determining the effectiveness of the workshops in meeting the participant's expectations and the mandates of the workshops. The feedback forms also provided the organizers of the workshops with information regarding how the subsequent workshops could be further improved.

14. Feedback received from the participants suggests that a majority of the participants felt that the workshop programme was well organized. The majority of the respondents also felt that the topics covered were relevant to them and that the information provided will assist in the undertaking of the accreditation process of NIEs. They also reported having a clear idea of the next steps in the process and that they would take action to initiate the accreditation process based on what they had learned. With regard to improving the workshops, as described in paragraph 9 above, following the first workshop participants recommended that the workshop duration be extended to three days to allow for further consultations between all members. It was also recommended providing, where applicable, all workshop materials for a specific workshop in English and another United Nations official language of the region.

### **III. Summary of the workshops**

#### **A. Background information on the Adaptation Fund and the process for accessing resources through the direct access modality**

15. The first session of the workshops was led by representatives of the UNFCCC and AFB secretariats and provided background information on the AF and the process for accessing resources. Firstly, representatives of the UNFCCC secretariat gave a presentation on the overall context of the AF. Representatives of the AFB secretariat then presented the operational policies and guidelines of the AF, especially as they relate to the accreditation process and access modalities, and explained that there are different access modalities for accessing resources from the AF: direct access, regional access and multilateral access. The modality of direct access was described in detail.

16. Representatives of the AFB secretariat continued by explaining the roles and responsibilities of NIEs and DAs and gave an outline of the NIE accreditation process undertaken by a Party.

17. Following the introductory session, time was allocated for discussion between the workshop participants. There were questions from the participants relating to the resources available to a country through the AF. The presenters explained that as a temporary measure there is a USD 10 million cap for resources available to each country supported by the AF.<sup>5</sup> The presenters also explained that the cumulative budget allocation for funding

---

<sup>5</sup> As per AFB document AFB/B.13/6, decision B.13/23.

projects submitted by MIEs should not exceed 50 per cent of the total funds available for funding decisions at the start of each AFB session.<sup>6</sup> Many participants highlighted that the limit of 50 per cent funding through MIEs had almost been reached and thus obtaining funding for a project through an NIE should be treated as a matter of priority. Most of the Parties provided feedback that they did not need help in identifying DAs, with several mentioning that DAs have already been selected.

## **B. Accreditation process for national implementing entities, including key elements of the fiduciary standards**

18. In the second session of the workshops, representatives of the AFB secretariat detailed the accreditation process for NIEs, including key elements of the fiduciary standards. They commenced the presentation by explaining that NIEs, RIEs and MIEs shall meet the fiduciary standards established by the AFB, with the key elements being the following:

- (a) Financial management and integrity;
- (b) Institutional capacity;
- (c) Transparency, self-investigative powers and anticorruption measures.

19. The AFB secretariat also presented information on the Accreditation Toolkit, explaining that the aim of the toolkit is to provide a practical guide to assist countries in the accreditation process of their NIE for the AF. Furthermore, the AFB secretariat announced the launching of the Accreditation Workflow, which is a fully online interface to facilitate the submission of applications for accreditation.

## **C. Fiduciary standards of the Adaptation Fund**

20. The sessions on the fiduciary standards of the AF were led by independent accreditation experts of the Accreditation Panel of the AF. As noted above, the three major areas of the fiduciary standards of the AF are the following: financial management and integrity; institutional capacity; and transparency, self-investigative powers and anticorruption measures. The session was in three segments, with each segment covering one of the major areas of the fiduciary standards of the AF for an implementing entity.

21. The standards relating to the area of financial management and integrity cover topics such as the following:

- (a) The legal status of an NIE;
- (b) Financial statements and audit requirements;
- (c) The internal control framework;
- (d) The preparation of business plans and budgets.

22. The presentation evoked a number of questions from the participants, who asked for clarification on how the standards could be applied to the specific circumstances of their own implementing entities, which were predominantly government ministries.

23. The standards on the area of institutional capacity are related to the following:

- (a) Procurement;

---

<sup>6</sup> As per AFB document AFB/B.12/6, decision B.12/9.

- (b) Project preparation and approval;
- (c) Project implementation, planning and quality-at-entry review;
- (d) Project monitoring and evaluation;
- (e) Project closure and final evaluation.

24. It was emphasized that applicants should not only present documentation on the existence of policies, systems and procedures, but also on the implementation and functioning of those policies, systems and procedures within the institution.

25. Following the presentation, the participants of the workshops posed a number of questions about how such standards could be met through the national systems and whether applicants were expected to have the same detailed processes as multilateral institutions. It was explained that the institutional capacities required by the fiduciary standards, complemented by the policies and procedures under the direct access system, should be sufficient for the applicant to implement a project funded by the AF, and that therefore applicants would not be required to have the same detailed processes as a multilateral institution.

26. The final presentation of the session on fiduciary standards was on the area of transparency, self-investigative powers and anticorruption, and was primarily related to the competence of the implementing entity to deal with financial mismanagement and other forms of malpractice. Questions from the participants following the presentations focused on relationships with the investigative authorities and the responsibilities of the national ministries. It was explained that an NIE can work together with national authorities, but the NIE has the ultimate responsibility for ensuring that there is no fraud related to projects financed by the AF. The NIE also has to ensure that any complaint is investigated and dealt with effectively.

#### **D. Case study: presentations by national and regional implementing entities**

27. At each of the workshops, representatives of accredited NIEs and RIEs shared their experiences of the accreditation process, described the control systems and procedures in place to meet the fiduciary standards and spoke about their projects submitted to the AFB that are now under implementation.

28. Presentations by NIEs and RIEs were not only made by accredited implementing entities from the region in which each workshop was held but also by NIEs and RIEs from other regions. That was undertaken with the aim of promoting information exchange among different regions and sharing the experiences of diverse accredited implementing entities.

29. The workshop participants welcomed the opportunity to learn from and exchange views with accredited NIEs and RIEs, as they provided practical and real perspectives of the accreditation process. They also provided palpable examples of diverse institutions that have successfully advanced through the accreditation process.

30. One of the case study presentations was made by representatives of CSE of Senegal, the first NIE to be accredited. Representatives provided background information on the centre's organizational structure, shared experiences of the accreditation process of the centre and described the project approval process of the adaptation to coastal erosion in vulnerable areas project with the AF. In addition to making a presentation at the regional workshop for Africa, the CSE also made a presentation at the workshop for Asia and Eastern Europe, allowing the participants to hear about the experiences of an NIE from another region.



31. Representatives of the Ministry of Planning and International Cooperation of Jordan provided a presentation at the workshop for Asia and Eastern Europe on the recent accreditation of the ministry as an NIE, in which a detailed explanation of the accreditation process and the control systems and procedures in place to meet the fiduciary standards was given. The Ministry of Planning and International Cooperation of Jordan was accredited in 2012.

32. Representatives of PACT also described the AF accreditation process required and noted that the process resulted in institutional strengthening of several areas of the trust, including the development of an internal audit function, the adoption of policies to address wrongdoing and the development of internal capacity to investigate and address fraud. Furthermore, representatives of PACT also noted that it is important to have zero tolerance against corruption and fraud. PACT was accredited in 2011. Presentations were made by representatives of PACT at the workshops for both the Latin American and Caribbean region and the Pacific subregion, allowing for an accredited NIE to share its experiences in a workshop of its region and that of another region.

33. There was also a case study presentation by representatives of the Uruguayan National Agency of Investigation and Innovation, an agency that was accredited in 2011 and that administrates programmes for the scientific and technological development of Uruguay. Representatives described the project cycle process with the AF, particularly the project identification and design steps, for the approved project on building resilience to climate change and variability of vulnerable smallholders in Uruguay.

34. Representatives of PioJ, which initiates and coordinates the development of policies, plans and programmes for the development of Jamaica, described how the institute was accredited as an NIE in 2011. PioJ had a project on enhancing the resilience of the agricultural sector and coastal areas to protect livelihoods and improve food security approved for funding through the AF in 2012.

35. At the subregional workshop for the Pacific there was also a case study presentation made by representatives of an RIE, as representatives of BOAD provided background on the bank's organizational structure and an account of its experiences during the RIE accreditation process. They highlighted that the accreditation of the bank was subject to two conditions precedent to the first disbursement of funds by the AF. Firstly, that BOAD publish information on the internal control of its financial statements and, secondly, that it puts in place an investigative function that reflects its needs and the practices of other development banks. BOAD was accredited in 2011. The presentation on BOAD, an African accredited RIE, highlighted the possibilities of the accreditation of an RIE in the Pacific subregion.

36. Finally, at the subregional workshop for the Pacific, representatives of the secretariat of SPREP shared concrete examples of successful adaptation projects in the Pacific and experiences and lessons learned during the undertaking of those projects. SPREP has been charged by the governments and administrations of the Pacific subregion with the protection and sustainable development of the subregion's environment.

## **E. The project cycle and project approval process**

37. The sessions on the project cycle and project approval process were led by representatives of the AFB secretariat and provided an overview of the project cycle and project approval process of the AF and a description of the strategic priorities established by the AFB.

38. The representatives provided a definition of a project or programme eligible for funding by the AF. The representatives then explained that there are two approval processes under the AF project cycle: a one-step approval process and a two-step approval process.

39. It was explained that the AFB had adopted the following strategic decisions. Firstly, it had adopted a results-based management and strategic results framework. It had also adopted a monitoring and evaluation framework, guidelines for final assessment and a strategic framework for knowledge management. It had decided to make available a project formulation grant for NIEs and had also made decisions regarding reporting and the importance of ensuring reporting alignment with disbursements.

40. The participants demonstrated a high interest in the sessions and raised a number of questions regarding project funding, including questions relating to the limits on the quantity of funds and the number of projects, the funding cap per country, the role of the implementing entity versus the executing entity and the options for accessing funds through the AF. At the workshop for the Pacific subregion, the session also included further case study presentations by representatives of the Cook Islands, Solomon Islands and Samoa on their experiences during the project approval and implementation process. The presentation by the Solomon Islands alerted the participants to some lessons learned during the project process, including the perceived extra administrative burden that the policies of certain MIEs may add to the implementation of a project.

## **F. Individual and group consultations**

41. In the individual and group consultations the workshop participants had the possibility of consulting experts of the Accreditation Panel of the AF, representatives of the AFB and UNFCCC secretariats, and representatives of accredited NIEs, RIEs and MIEs about any queries or questions that they may have had with regard to the accreditation process and project review process.

42. The consultations were welcomed by the participants and served to enhance knowledge of various aspects of the accreditation process, particularly with regard to understanding what is required under the fiduciary standards and on practical ways to ensure compliance.

43. Many participants commented that the individual and group consultations were extremely valuable in providing a space to ask questions that had not been answered during the sessions, or that had arisen as a consequence of the sessions, and also in relation to particular national circumstances.

44. In particular, several participants utilized the consultations to seek technical guidance on preparing applications for accreditation for direct access under the AFB.

45. Some participants clarified in the consultations that a Party must appoint an individual and not an organization as the DA. Consequently, those participants said that they would communicate that information to their government and arrange for the submission of a new application for a DA.

46. The participants also discussed with the AFB and UNFCCC secretariats the role that the national ministry of finance, given its areas of competencies, could play in the selection of an NIE and the subsequent accreditation process.

#### **IV. Issues and recommendations raised by the participants for further consideration**

47. Some of the participants expressed the view that the AFB and its secretariat should provide support to build the capacity of the DA in terms of competence building, and also provide budgetary support for carrying out the role. As it was clarified by the presenters that there is currently no provision for such support, one possible follow-up action might be to investigate the possibility of the AFB and the AFB secretariat providing additional support to the DAs in the future.

48. Participants also expressed the view that there is a need for technical assistance from the AF to build the capacity of a proposed implementing entity to meet the accreditation requirements of the fiduciary standards. The presenters clarified that when it is found that an applying implementing entity has only a few gaps in its accreditation application, the Accreditation Panel of the AF provides it with an opportunity to work on those areas. During that period the AF nominates one of the experts of the Accreditation Panel of the AF to coordinate and communicate with the entity, thus providing it with some technical assistance. However, the presenters clarified that the AF does not currently have a mandate to build the capacity of a proposed implementing entity to meet the accreditation requirements of the fiduciary standards, or to support the development and design of project and programme proposals. One follow-up action may be to investigate how the AF would be able to further familiarize eligible Parties with the accreditation process and the fiduciary standards.

49. Following the presentations on the fiduciary standards, a number of participants commented that they felt that the standards were too onerous for certain specific national circumstances and that there should be a simpler standard for the least developed countries (LDCs), small island developing States (SIDS) and African countries given their particular needs and the small size of the majority of their projects. The participants felt that some of the current fiduciary standards may constitute an obstacle to direct access. While presentations by the accredited NIEs helped to ease those concerns to a considerable extent, one follow-up action may be to investigate how the AF would be able to further assist applying implementing entities in the future.

50. Another issue raised by participants relating to the fiduciary standards was that given the particular needs of LDCs, SIDS and African countries, it would be difficult to identify an entity that would meet all of the requirements for accreditation as an NIE based on the fiduciary standards of the AF. Some participants highlighted the need for an RIE, as they may be more suitable for the needs and requirements of those Parties. With respect to NIEs, the participants discussed selecting the ministry of finance as an NIE, creating a consortium of ministries to apply as an NIE, or the whole government applying for accreditation as an NIE, especially in the case of very small States. A possible follow-up action might be to undertake an analysis into the viability of such options.

51. Finally, several applicants asked for further technical support to better understand the elaboration of the accreditation process. Several participants expressed the view that while the workshops were a good beginning in terms of helping countries to develop NIE capacities, further training would be required in the future. As the participants enquired what the plans were to provide such support in the future, Parties may wish to consider exploring ways to provide further support to the developing country Parties, especially LDCs, SIDS and African countries, in the selection and development of NIE capacities.