

# Some lessons learned from the Adaptation Fund for the design of the Green Climate Fund (July 2011)

Submission by Sven Harmeling,<sup>1</sup> Benito Müller<sup>2</sup>, and Emmanuel Seck<sup>3</sup>

This submission is based on the experience we have gathered over the past years in following the development of the Adaptation Fund. It is not meant to be a full consideration or discussion of all aspects around the development of the Adaptation Fund, which in our view has made substantial and much appreciated progress over the years. It provides reflections on some key aspects from a civil society point of view and lessons learnt therein that may be relevant to the work of the Transitional Committee and the design of the Green Climate Fund.<sup>4</sup>

## 1. Engaging civil society as partner early-on

In recent decades, civil society around the world has clearly demonstrated that they have a key role to play in promoting effective implementation of funded activities, particularly with regard to:

- Relaying information - translating local-level experiences to inform national and global decision-making, and global and national policies for local implementation;
- Strengthening capacities of community-based organizations to increase their participation in action plans implementation,
- Ensuring ownership, accountability, transparency, equity, and effectiveness in global and national decision-making and implementation; and
- Planning, implementing and monitoring activities at low cost, sometimes with better access to remote populations, and while promoting innovative approaches.

The development of the Adaptation Fund has been one of the contexts where civil society was able to contribute to the shaping of the AF. In our perception, the different kinds of contributions, from pure information provision to concrete suggestions for the AFB operations – constructive where possible, and critical where necessary - are increasingly appreciated by the AFB members and the Secretariat.

The open and constructive engagement of civil society was facilitated in particular through the following features which we see as good practice also for the GCF:

- **openness of meetings:** as a matter of principle, the meetings of the AFB are open to all interested observers from observer organisations accredited under the UNFCCC. No additional limitations are applied. These observers have the possibility to interact with AFB members and disseminate their position papers and policy briefs to delegates.

---

<sup>1</sup> Contact: Senior Advisor Climate and Development, Germanwatch: [harmeling@germanwatch.org](mailto:harmeling@germanwatch.org), see also [www.af-network.org](http://www.af-network.org) for more NGO information on the AF.

<sup>2</sup> Contact: Director Energy and Climate Change, Oxford Institute for Energy Studies, Oxford, UK  
[benito.mueller@philosophy.ox.ac.uk](mailto:benito.mueller@philosophy.ox.ac.uk)

<sup>3</sup> Contact: Programme Manager, ENDA-Energy Environment Development Program : [enda.energy@orange.sn](mailto:enda.energy@orange.sn);  
[ssombel@yahoo.fr](mailto:ssombel@yahoo.fr)

<sup>4</sup> Emmanuel Seck and Sven Harmeling were invited to present on the AF experience in the TC workshop to be held on 12 July 2011. While appreciating this invitation very much, their attendance was not possible, so this submission aims to convey relevant views to TC members in a written form.

- **Transparent document policy:** All relevant documents are put on the website before the AFB meetings. Of particular relevance is the fact that also project proposals to the AF are made public several weeks before their first consideration at the AFB meetings, which allows the public, both nationally and internationally, to analyse the project proposals and, if required, communicate to the Secretariat, AFB members or through a specific function on the AF website comments, concerns or suggestions for improvement on the project proposals.
- **Webcast of meetings:** all AFB meetings are webcast and thereby allow observers who are not able to attend to follow the elaborations of the AFB.
- **Evolving dialogue with CSOs:** while it took some time to establish, the AFB has now entered into regular dialogue sessions specifically with civil society organisations, to listen to their proposals related to the AF and to exchange on them. It is currently planned that these meetings are held in between a UNFCCC session and the subsequent AFB meeting.

All these are important features which should also be applied in the operations of the GCF. However, this does not mean that the AFB has yet fully exploited the potential of civil society cooperation. Allowing selected observers, as representatives of their constituencies, to fully participate in the Board's discussion should also be considered in the AF and should become the rule rather than the exception. The governance model of the Global Fund to fight HIV/Aids, Tuberculosis and Malaria is an example which seems particularly relevant for the GCF.

Furthermore, a worrying trend in the AF is that more and more important debates are held in the meetings of the Project and Programme Review and the Ethics and Finance Committee (EFC) which are held close.

**Another lesson learnt is to obtain early-on guidance on key aspects of implementation, including meaningful inclusion of stakeholders and in particular vulnerable communities targeted by projects.**

In the view of many civil society members, one crucial and so far unique element of the AFB is the strategic priority to “give special attention to the particular needs of the most vulnerable communities” when projects and programmes are designed.<sup>5</sup> Furthermore, such projects and programmes should be developed on the basis of thorough consultative processes which ensure the active involvement of all relevant stakeholders, in particular vulnerable communities and groups in the project area, in the project identification, design and implementation and evaluation.

One experience in the AFB after the submission of 30 project proposals is that the lack of guidance given by the AFB fails to ensure that all submitted proposals are based on a meaningful consultative process. It is appreciated that the AFB is taking this into consideration when they judge the quality of the proposals.<sup>6</sup> A meaningful consultative process should be pursued early-on and throughout the project cycle.

Summarising the experience in this regard, it is important that the GCF takes on board such lessons learnt and make a strong **stakeholder process** a key element in the design of the GCF. Three key aims should be kept in mind in order to achieve this:

1. ***To establish strong ‘bottom-up’ stakeholder networks and links between the entities that take decisions on which activities are to be funded, and national and local stakeholders***

---

<sup>5</sup> AFB 2009: Adaptation Fund Handbook, page 7. [http://www.adaptation-fund.org/sites/default/files/Handbook.English\\_0.pdf](http://www.adaptation-fund.org/sites/default/files/Handbook.English_0.pdf)

<sup>6</sup> E.g. this is addressed in some of the decisions on projects and programmes as contained in the reports of the AFB meetings, see e.g. [http://www.adaptation-fund.org/sites/default/files/AFB13%20Final%20Report\\_0.pdf](http://www.adaptation-fund.org/sites/default/files/AFB13%20Final%20Report_0.pdf)

*whose lives will be affected by the funded activities.* National and sub-national civil society networks play a very important role in relaying information from the global and national level, to the local level (for instance, on what funds are available and how to access them quickly and efficiently); and from the local level to decision-makers at the national and global level (for instance, on barriers and successes in implementation).

2. *To consider ways in which stakeholder participation (in identifying, planning, implementing and monitoring funded activities) can be adequately funded, without compromising their important role as a watchdog.* A small percentage of the funds allocated to countries could be marked for the setting up and maintenance of independent, accountable and transparent civil society networks.
3. *To ensure that there are easily accessible ‘redress mechanisms’ at every level of decision-making, to which stakeholders can take their grievances.* Three minimum criterion are necessary for these redress mechanisms to be credible: *independence, public accountability* and *effectiveness*. To ensure the *independence* of the mechanism, members should be chosen from outside the institution, and their budget should be independent and adequate. For *public accountability*, the public should have access to every stage of the redressal process. To be *effective*, the mechanism must have the authority to ensure that their recommendations are acted upon.

## 2. Lessons learnt in direct access

The Adaptation Fund is the pilot in direct access in climate finance. Its direct access approach was designed against the background of the specific parameters for the Adaptation Fund. These are not necessarily the same as for the GCF. More specifically, a key distinction here is that the AF is to finance “concrete adaptation projects and programmes” – currently up to USD 10 million per country – while it is expected that the GCF will finance not only a broader portfolio of activities, but also channel much larger amounts of financial flows into a country.

The GCF would have to have more a kind of *throughput architecture with funding decisions devolved to National Funding Entities* in the recipient countries, thereby applying the *subsidiarity principles* in its decision making.<sup>7</sup> Having said this, it is also clear that many if not most recipient countries will need some time to be able to partake in such a devolved throughput mechanism. For this reason, the GCF needs to have two distinct arms:

- a “*Funding Arm*”, which can operationalised relatively quickly, and which will be the main tool for processing the (modest) startup funding.
- a “*Disbursement Arm*” – ultimately responsible for direct access disbursements to National Funding Entities – which would initially be charged with creating the conditions necessary for its own operation through, for example, an extensive institutional capacity building programme.

This would also facilitate the work of the Transitional Committee, as it would not be necessary to operationalise the Disbursement Arm by COP.17 in Durban, but only the Funding Arm, which is possible, even in the face of the very tight deadline.

Under the AF, up to date, National Implementing Entities from 4 countries have been accredited – Senegal, Jamaica, Uruguay, Benin – and a few more are in the pipeline. There is definitely a strong interest by developing countries in direct access, although many governments have chosen to submit a first project through a Multilateral Implementing Entity. The AFB set up rigorous fiduciary managements standards in order to ensure that direct access by developing countries

---

<sup>7</sup> Note that while there are some international funds which deviate in this regard from the traditional architecture (with funding decisions centralized at fund level), the national funding entities that have been established in developing countries for climate change purposes are funded domestically or bilaterally.

does not compromise, but strengthen the credibility of the AF. It is not surprising that while some developing countries have already managed the accreditation process, others request more assistance in capacity building. This is adequate given this new institutional approach.

With respect to the Green Climate Fund, some aspects of the AF direct access approach need to be addressed which suggest differing approaches under the GCF:

### **What capacities are required for National Implementing/Funding?**

The IEs under the AF are examined and judged by their capacity to oversee project implementation of specific adaptation projects. However, the capacities of the NIEs accredited so far differ significantly. In the case of the NIEs from Senegal and Benin it was mentioned in the accreditation decision that their experience to handle such flows are limited and partially additional reporting and other conditions would have to be applied. On the other hand, the NIE from Jamaica in 2009 had acquired USD 1.2 billion of new international development finance<sup>8</sup>, which seems more in the scale of potential support from the GCF. The ANII from Uruguay is expected to manage ca. USD 120 million from 2008 to 2012.<sup>9</sup>

Thus, the capacities that would be required for managing much larger amounts of funding flows differ, and so in the sense of the “funding arm” an NIE under the AF cannot automatically be seen as the potential National Funding Entity under the GCF. However, the TC should consider modalities for direct access which would a) allow the NIE already accredited under the AF to play its role in the GCF when it comes to smaller amounts of funds in the near-term, and b) regarding the longer-term “disbursement arm” design direct access in a way that *might* allow existing NIEs to play a role, but perhaps in a more flexible institutional set-up. Where National Funding Entities, such as National Climate Change Funds exist, it should be facilitated that these can play the required role of national coordination of funding decisions and the required oversight.

### **What is the role of stakeholder involvement in direct access?**

The Adaptation Fund direct access modalities do not foresee a specific role for non-governmental stakeholders of different kind (civil society, private sector etc.), neither in the selection of the NIE or the project to be funded by the AF or the governance of both. It only gives vague guidance on the consultative process for a project (see above). Fortunately, some countries have decided to establish multi-stakeholder bodies for the steering of project implementation voluntarily. Against the background of the potential role of the GCF, we see a more adequate example in the way the national coordination is set up under the Global Fund to fight HIV/Aids, Tuberculosis and Malaria. Here, multi-stakeholder country partnerships, so-called Country Coordinating Mechanisms, play a key role in identifying and submitting coordinated proposals to the Global Fund building on the work of multiple organisations within a country. It is acknowledged that document TC-2/WSIII/2 mentions the importance of having an in-country coordinating mechanism (page 4), however it lacks to reflect the very important aspect of a multi-stakeholder approach, which of course may vary from country to country in its details. Nevertheless, the Global Fund also shows that it is possible to provide guidelines internationally and at the same time design such mechanisms, or use existing ones, in a nationally appropriate manner.

---

<sup>8</sup> [http://www.pioj.gov.jm/Portals/0/Annual\\_Report/PIOJAnnualReport2009Final%5B1%5D.pdf](http://www.pioj.gov.jm/Portals/0/Annual_Report/PIOJAnnualReport2009Final%5B1%5D.pdf)

<sup>9</sup> <http://www.anii.org.uy/Publicacion/PublicacionFLIP/DosAniosdeAccion.html>