



Climate Action in Financial Institutions

PRINCIPLES FOR MAINSTREAMING CLIMATE ACTION

The information presented in case studies was prepared and submitted by financial institutions on an independent basis. The opinions expressed are the sole responsibility and product of that institution. They shall in no way be deemed endorsed by any other Supporting Institution nor the Secretariat.

Find more case studies online at <https://www.mainstreamingclimate.org/>

Agence Française de Développement's (AFD) Multi-Country Climate Adaptation Facility to support NDC implementation in vulnerable countries.

Institution Principle Related Work Stream(s)



PRINCIPLE 1:
COMMIT
to Climate
strategies



Publication date: 2017

Date Policy/Tool Established	Additional Capacity Required (e.g., staff, resources, other)	How Established?
May 2017 Adapt'Action Climate Adaptation Technical Assistance Facility to support implementation of Nationally Determined Contributions (NDCs) in 15 countries vulnerable to climate change	At the institution level: <ul style="list-style-type: none"> • One project manager in AFD / Climate Change Division • One dedicated Project Management Unit with external consultancy firm Transtec (one consultant full time, one senior consultant one third time + mobilization of local experts when needed) • Mobilization of staff from AFD Climate Change Division (and operational divisions) to help supervise project design and implementation at country level One project manager from Expertise France At the country level: Recruitment of local and international experts to implement activities	First initial 15M EUR tranche approved by AFD Board in 2017 (subsidies). 30 M EUR objective.

Monitoring, reporting tools	How Implemented?
Quarterly reports from the Management Unit.	<p>At the institution level: Implemented through existing structure, within the AFD climate change division with the creation of a specific Project Management Unit (team of consultants from consultancy firm Transtec).</p> <p>At the country level: design of the project during an identification mission with a multi-stakeholders workshop around NDC implementation to identify priorities and activities to be financed by Adapt'Action. Design of specific local governance with the signature of a MOU.</p> <p>Execution phase is managed directly by AFD and Expertise France (French agency for international technical cooperation) to accelerate NDC implementation (recruitment of experts etc.) with a strong involvement of countries with regular local project committees and involvement of local technical focal points.</p>

Key Lessons

Adapt'Action was started only 6 months ago, however after completing the identification stage in a first set of countries, AFD already notes that:

- At the institution level: Multi-country dedicated climate instruments can help mainstream climate strategies and incentivize operational staff to better integrate climate considerations and risks in project design and build new project portfolio with improved climate co-benefits;
- At the country level: a dedicated climate-focused technical assistance instrument can help countries take next steps at a macro level / governance level towards the operationalization of their NDC;
- At both levels, the Adapt'Action Facility, through the approach and the activities that will be deployed, has the ambition to help both the AFD and 15 vulnerable countries to commit to climate strategies and promote climate smart objectives.

Introduction

In May 2017, AFD launched the new "Adapt'Action" Facility to support the implementation of Nationally Determined Contributions (NDCs). The aim is to help countries vulnerable to climate change achieve low-carbon and climate-resilient development trajectories and support an increase in "climate investments", with a focus on adaptation.

Adapt'Action aims to partner with 15 countries to:

i) Strengthen "climate" governance to ensure they effectively implement their NDC through capacity-building activities for all actors across the national territory;

ii) Translate NDCs into sectoral public policies, combined with concrete action plans focusing on key climate change sectors;

iii) Design transformational "climate" programmes and projects, with a priority focus on adaptation, based on a robust analysis of vulnerability to climate change and the various potential adaptation solutions, while simultaneously integrating methods of managing uncertainty.

The Facility focuses on African countries, the Least Developed Countries and Small Island Developing States. In addition to this Facility, AFD will assist

countries in mobilizing financing and partners in order to scale up their action.

Development and Design

Financed and coordinated by AFD, the implementation of Adapt'Action involves multiple institutions. Expertise France, the French agency for international technical cooperation, is in charge of the first objective dedicated to climate governance. AFD is in charge of implementing the second and third objectives with the assistance of a dedicated Project Management Unit. For each country, a joint identification mission with a multi-stakeholders workshop is organized with the institution(s) in charge of NDC implementation in the country. The workshop aims to identify with involved parties (including authorities, NGOs, private sector) specific needs, existing projects, and propose activities to be financed by Adapt'Action. A memorandum of understanding is signed with the institution(s) in charge of implementing the NDC to determine local governance of the project, roles and responsibilities and a work plan for the first period. Then AFD and Expertise France will manage directly the execution phase with recruitment of experts to implement activities in each country.

Implementation

At the internal level: this new financial instrument is a promising opportunity to mainstream climate strategies and incentivize local agencies and operational staff to better integrate climate considerations and risks in project design and in their discussion with local authorities and counterparts. Adapt'Action tries to work at very early stage with operational staff so that the country level project is co-constructed. Although the instrument is a technical assistance Facility, the objective at medium term is to generate new investment projects with improved adaptation co-benefits.

At the external level, this new Facility is working with countries at a macro/structuration level promote NDC implementation through supporting better climate governance, better integration of climate considerations in public policies, and to foster the preparation of climate programs. During the initial identification mission, a multi-stakeholders workshop is systematically organized (including local authorities, financial partners, NGOs and the private sector) to identify key needs to be addressed. Beyond the fact that this workshop helps Adapt'Action identify relevant activities to finance, it is also useful for countries to foster exchanges and operationalize the Paris Agreement.

The main challenge of the instrument lies in the broad geographic scope of the Facility (15 countries) and the large number of actors involved both internally and externally.

Results and next steps

As of October 2017, 6 identification missions have already been conducted (Comores, Niger, Dominican Republic, Tunisia, Madagascar and Mauritius) and 1 is planned before the end of 2017 (Congo Brazzaville). First MOUs are to be signed before the end of the year and the implementation phase will begin early 2018.