

# EF-to-EF Mentorship program between Malawi Environmental Endowment Trust (MEET) and Profonanpe

Project K: RedLAC-CAFÉ Knowledge for Action Project

**Mentor Fund:**

Profonanpe

**Mentee Fund:**

Malawi Environmental Endowment Trust (MEET)

**Theme:**

Climate financing

**Date of elaboration:**

2016-2018





## Case Study

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### 1. Executive Summary

This case study presents the activities, outcomes, benefits and challenges of a mentorship exchange between Malawi Environmental Endowment Trust (MEET), as the mentee, and Profonanpe, as the mentor, in order to facilitate knowledge transfer and mutual learning around direct access modalities for climate financing through the Adaptation Fund (AF) and the Green Climate Fund (GCF). Both funds have similar accreditation requirements and, once an entity is accredited by either of the funds, it can later apply to the other through a fast-track. Given that MEET already had the nomination from Malawi's Government to become a National Implementing Entity (NIE) of the AF, MEET and Profonanpe decided to focus the mentorship in the AF's complete procedure, and review certain topics of the GCF fast-track and Readiness Program.

Through virtual meetings via skype, the mentor, Profonanpe, designed a Gap Assessment Matrix, based on the AF's accreditation requirements that was jointly completed by MEET and Profonanpe and thereafter analyzed by Profonanpe in order to identify the key operational areas with capacity gaps, to share supporting



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Karen Price and Alberto Paniagua, Executive Directors for MEET and Profonanpe respectively, at the closing session of the mentorship visit in Lima, Peru.

documents and to recommend actions for improved internal institutional processes. The mentorship culminated in an exchange visit by the MEET Team to Profonanpe office in Peru where the priority operational areas were discussed in more detail and Profonanpe presented their accreditation experience and their entire operations procedures as a whole.

As a result of the success of the mentorship exchange, MEET and Profonanpe established a good working relationship on the basis of increasing direct access to climate financing. MEET has gained the confidence to complete the accreditation application and initial submissions as part of the accreditation application process, which has a pending review from the AF.

## 2. Background

Climate change is a complex issue with consequences for all spheres of the planet. Climate change is increasing the burdens of the poorest people in the world, who are often hardest hit by weather catastrophes, desertification, and rising sea levels, but who have contributed the least to the problem of global warming. In some parts of the world, climate change has already contributed to worsening food security, reduced the predictable availability of fresh water and exacerbated the spread of disease and other threats to human health.

The Republic of Malawi signed the United Nations Framework Convention on Climate Change (UNFCCC) on June 19, 1992, at Rio de Janeiro, during the United Nations Conference on Environment and Development (UNCED). Furthermore, Malawi ratified the Convention on April 21<sup>st</sup>, 1994, showing the country's commitment to cooperate both nationally and globally to address increasing global temperatures and the resultant impacts of climate change.

The objective of the UNFCCC is to achieve “the stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic (man-made) interference with the climate system and such a level should be achieved within a time frame sufficient to allow ecosystems to adapt naturally to climate change and ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner”.

Malawi also ratified the Kyoto Protocol on the October 26, 2001. The Kyoto Protocol legally binds developed countries to emission reduction targets. The Protocol's first commitment period started in 2008 and ended in 2012. The second commitment period began on January 1<sup>st</sup>, 2013 and will end in 2020.

To achieve the stated UNFCCC objective, countries implement mitigation programs to reduce greenhouse gas emissions or adaptation measures to minimize the impact of climate change on society and ecosystems. In order to support developing countries in their efforts to formulate and implement adaptation measures, the 13<sup>th</sup> Conference of Parties to the UNFCCC and the 3rd Meeting of Parties to the Kyoto Protocol held in Bali, Indonesia in 2007, created the Adaptation Fund (AF) to support such actions. The AF was established to finance concrete adaptation projects and programs in developing countries that are parties to the Kyoto Protocol. The fund is supervised and managed by the Adaptation Fund Board (AFB). Similarly, in 2010 the UNFCCC set up the Green Climate Fund (GCF) as part of the Convention's financial mechanism, to deliver equal amounts of funding to mitigation and adaptation. The GCF is governed by a Board of 24 members that equally represent developed and developing countries.

The National Implementing Entity (NIE) is a national institution that becomes eligible to submit applications for project or program funding to either the AF or the GCF. In order to become a NIE, the national institution must be accredited by the corresponding fund and the accreditation process ensures that the entity meets their particular fiduciary standards. MEET was nominated by the Government of Malawi to serve as Malawi's NIE of the AF in March 2014.

As in the case of Malawi, Peru is part of the UNFCCC and the Kyoto Protocol and has committed to implement mitigation and adaptation measures regarding climate change. Peru started by developing its National Strategy of Climate Change, which was later updated and complemented with other guiding documents. To be able to secure funds that would allow the country to implement such strategy and related activities, in 2012 and late 2014 Peru nominated Profonanpe to start its accreditation process as a NIE for the AF and the GCF respectively.

Profonanpe is a Peruvian nonprofit private institution created in 1992 that has firmly established itself as one of the main financial tools for conserving Peru's biological diversity, a result of successful operations and joint efforts with government and private organizations involved in managing Protected Areas.

In the last seven years, Profonanpe has endeavored to make its institutional actions responsive to the new demands being placed on biodiversity conservation by climate change. These actions included the processes of accreditation as a NIE of the AF (approved in March 2014) and the GCF (approved in March 2015).

Profonanpe's accreditation as a NIE to both institutions allowed it to strengthen its abilities to leverage and obtain more funds for the implementation of adaptation and mitigation projects in Peru.

In February 2017, MEET was awarded a grant amounting to USD 30,000.00 under the EF-to-EF Mentorship Program of the RedLAC-CAFÉ Knowledge for Action Project (Project K) to support the mentorship exchange between Profonanpe and MEET. With this exchange, Profonanpe would be able to transfer MEET its know-how acquired during the accreditation processes, in order to facilitate MEET's own experience.

### 3. Mentorship Objective

The mentorship goal was to facilitate knowledge transfer and mutual learning between Profonanpe (the mentor) and the Malawi Environmental Endowment Trust (the mentee) around direct access modalities for climate financing.

Primarily, the objective of the mentorship experience was to enhance the confidence and capacity of the mentee fund by strengthening its fiduciary and institutional systems to meet international standards as required in order to secure direct access to climate financing through accreditation to the AF and the GCF.

### 4. Approach

Given that (i) the AF and the GCF have similar accreditation requirements; (ii) once an entity is accredited by either of the funds, it can later apply to the other through a fast-track; and (iii) MEET already had the nomination from Malawi's Government to become a NIE of the AF, MEET and Profonanpe decided to focus the mentorship in the AF's complete procedure, and review certain topics of the GCF fast-track and Readiness Program.

The mentorship exchange was implemented using a two-pronged approach. Primarily, a series of virtual meetings via skype were conducted with Powerpoint Presentations and this was followed by the mentorship exchange visit in Lima, Peru. The detail of each approach is explained below:

#### *Understanding the status quo (August 2017 to February 2018)*

This step started with an introduction of the work teams from each Fund to fulfill the mentoring program and a presentation of both funds regarding history, function, mission and scope of interventions, main partners and experience/relationship with international funds.



Last session between MEET and Profonanpe's Directors in Lima, Peru.

This step also included preparation, presentation (by Profonanpe) and completion of the Gap Assessment Matrix (by MEET and Profonanpe). The Gap Assessment Matrix was based on the AF's accreditation standards and tools, under the following sections: Financial Management and Integrity, Institutional Capacity and Transparency.

Profonanpe conducted an analysis of the completed Gap Assessment Matrix in order to identify MEET's capacity gaps, to suggest a recommended course of action and to identify the main topics to be developed during the mentorship exchange visit.

The table below presents the prioritization of topics based on the analysis of MEET's Gap Assessment.

<b>Priorization of sections to be addressed based on the Gap Assessment Matrix</b>			
<b>SECTIONS</b>	<b>LEVEL OF PRIORIZATION</b>		
	<b>Light</b>	<b>Moderate</b>	<b>High</b>
<b>I. Financial management and integrity</b>			
A. Legal personality	x		
<b>B. Transactions and balances</b>			
B.1. Financial statements and external audit	x		
B.2. Internal audit			x
<b>C. Management and disbursing funds</b>			
C.1. Internal control framework	x		
C.2. Financial plans and budgets	x		
<b>II. Institutional capacity</b>			
A. Procurement	x		
B. Project preparation			x
C. Project monitoring and evaluation		x	
D. Project closure and final evaluation			x
<b>III. Transparency</b>			
A. Financial mismanagement and other forms of malpractice		x	
B. Compliance with AF environmental and social policy			x
C. Compliance with AF gender policy			x

Once the prioritization was agreed between both funds, skype meetings were regularly established to address each topic. At each virtual meeting, Profonanpe presented the Power Point presentations that summarized the actions taken during its accreditation process, and suggested to MEET what kind of documents could be used to demonstrate their capacity. At this stage Profonanpe shared with MEET, previously prepared documents regarding its accreditation<sup>1,2</sup>.

Meanwhile, between meetings, MEET started applying Profonanpe's recommendations by (i) organizing the documentation to be presented for the accreditation, and (ii) putting in practice internal institutional improvements, to better meet the AF's standards.

Enabling Access to the Funds: Profonanpe's Adaptation Fund & Green Climate Fund Accreditation Experience ([http:// www.profonanpe.org.pe/sites/default/files/2017-08/giz2016-en-enabling-access-to-funds-low-res\\_VF.pdf](http://www.profonanpe.org.pe/sites/default/files/2017-08/giz2016-en-enabling-access-to-funds-low-res_VF.pdf)).

Brochure: Ten considerations for a successful accreditation with Global Environmental Funds – Profonanpe's experience with the AF and the GCF.

### **Inspiration and Motivation (March 2018)**

Further to the virtual meetings, the MEET Team traveled to Lima, Peru for a mentorship exchange visit from March 11<sup>th</sup> to the 21<sup>st</sup>, 2018, at Profonanpe's office. This visit enabled Profonanpe to present their accreditation experience in detail, as well as its operations procedures as a whole. This enabled MEET to ask questions and seek clarity on the topics, as presented.

Profonanpe also had the opportunity to better understand how MEET worked, and this allowed to both (i) better provide recommendation to MEET, and (ii) get ideas on how to improve Profonanpe's certain aspects of its operations.

<sup>1</sup> Enabling Access to the Funds: Profonanpe's Adaptation Fund & Green Climate Fund Accreditation Experience ([http:// www.profonanpe.org.pe/sites/default/files/2017-08/giz2016-en-enabling-access-to-funds-low-res\\_VF.pdf](http://www.profonanpe.org.pe/sites/default/files/2017-08/giz2016-en-enabling-access-to-funds-low-res_VF.pdf)).

<sup>2</sup> Brochure: Ten considerations for a successful accreditation with Global Environmental Funds – Profonanpe's experience with the AF and the GCF.

The mentorship exchange covered the following topics:

- Accounting Procedure and System
- Financial Statements
- External Audit
- Financial Plans and Budgets
- Internal Control and Internal Audit
- Procurement procedures
- Procedures against mismanagement and other forms of malpractice
- Webpage and Communication
- Project Preparation, implementation and closure
- Monitoring and Evaluation
- Environmental, Social and Gender Policy

### **Implementation and Documentation (April to June 2018)**

Following the mentorship exchange visit, MEET has conducted an internal institutional appraisal in order to systematize the policies and supporting documents, which will back up the accreditation application, according to the AF's standards. This exercise has also enabled MEET to clearly identify the capacity gaps and to map the way forward, in terms of the technical and/or financial requirements that would enable the Trust to meet those gaps, such as the development of the Environmental, Social and Gender Policy.

## **5. Main Outcomes**

From the mentorship exchange experience, the following are the main outcomes:

- **Financial Management and Integrity**

In order to strengthen MEET's legal personality, the Trust is reviewing the Constitution to ensure there are no loopholes in the functioning of the governance structure and to ensure alignment between the functions of the sub-committees, the Board of Governors and Board of Trustees.

Under financial management and integrity, MEET is upgrading its financial management system, documenting the external audit process and consulting on a way to outsource the internal audit function.

- **Institutional Capacity**

MEET has reviewed its Procurement Policy and has initiated the process to revise the policy, to demonstrate competency in procurement that relates to the acquisition of goods, works, services and consultancies for projects/ programmes in accordance with the fund's standards.

- **Transparency**

MEET has the following documents to guide mismanagement and other forms of malpractice:

- **Staff Code of Conduct**
- **Grantee Code of Conduct**
- **Corruption, Fraud and Whistleblowing Policy**



Monitoring and Evaluation review sessions during MEET's visit in Lima, Peru

“ The process of accreditation is a daunting task, however the mentorship exchange provided some assurance and confidence that it can be achieved with focused planning and organization, teamwork and strong leadership ”

Following the mentorship exchange, the documents are being reviewed to ensure there is alignment and to ensure the Corruption Policy is visible on the MEET website.

### *Accreditation Application*

The Trust has submitted some initial documents via the Adaptation Fund Online workflow portal, and this submission is pending feedback. At the same time, the Trust is also being mindful that its processes and policies must also meet the requirements of the GCF, in order to ensure alignment with its fast-track accreditation process.

## 6. Benefits Observed

A good working relationship was established between MEET and Profonanpe with a mutual goal to ensure at least one CAFÉ fund is accredited to the AF and/or the GCF.

A conducive learning environment on climate finance was created with the potential to develop into a community of practice.

A better practical understanding was set regarding, firstly, the accreditation process and its requirements; secondly, the supporting document requirements; and thirdly, the importance of documenting institutional processes in the operations manual highlighting the various roles and responsibilities of key staff to implement those processes and maintaining systematic evidence of the decision making process.

The process of accreditation is a daunting task, however the mentorship exchange provided some assurance and confidence that it can be achieved with focused planning and organization, teamwork and strong leadership.

The mentorship exchange was mutually beneficial to both funds as it also highlighted areas of common interest where both funds are trying to address the same issue. For example, Profonanpe explained that they were in the process of strengthening their monitoring and evaluation system for projects and programmes; and this is a common area of interest for MEET.

## 7. Challenges

- *Mentorship Budget*

The mentorship exchange initially planned to have two exchange visits, one in Peru and one in Malawi. However, due to budgetary constraints, both funds agreed to have one mentorship exchange visit in Lima at Profonanpe.

- *Technology*

The mentorship exchange was based on a series of virtual meetings, via skype. On several occasions, scheduled meetings had to be postponed due to connection and/or sound problems on Skype.

- *Workplan*

The initial mentorship workplan was supposed to end by December 1<sup>st</sup>, 2017. However, due to the CAFÉ and RedLAC General Assemblies, both of which were scheduled back-to-back in the last quarter of 2017, implementation of the mentorship activities was delayed. The workplan was reviewed and revised accordingly and a no-cost extension (until June 30, 2018) request was made to Project K.

- *Institutional Capacity*

MEET is a relatively small fund in terms of its human resource capacity, compared to Profonanpe, and this was initially viewed as a challenge. At its twenty-third meeting held in March 2014, the AFB decided to continue its consideration of approval for accreditation of Small National Implementing Entities (SNIE) on the basis of a “Streamlined



Accreditation Process” (Decision B.23/17). The process takes into consideration compensating measures, controls and practices normally found in smaller entities to determine whether or not an entity meets the fiduciary requirements without exposing the Fund to significant additional risks.

MEET has reviewed the requirements of the Streamlined Accreditation Process and has expressed agreement to be considered under it.

## 8. Key Points Of Practice

- Before paring the institutions that will be involved in a mentoring program, it is important to consider the objective of the mentorship itself, in order to choose the profile of the institutions that will better match up. In this case, the mentorship required similar institutions, in terms of being (i) private, (ii) relatively small, (iii) environmental funds, among other characteristics, so that the exchange result was enriching. These common characteristics facilitated the communication between both funds, as they managed similar procedures and language. These, at the same time, enabled more suitable recommendations to be applied during the accreditation process.
- Accreditation is a thorough appraisal process of institutional systems, processes and procedures. The fund which is willing to be accredited, should have an updated Operations Manual that encapsulates all the institutional processes.
- The accreditation processes require the applicant institution to demonstrate capacity, with evidence, to meet the fund’s accreditation standards, and capacity.
- A good Information Management system is critical to make the accreditation process easier, and it is also dependent on leadership strategy and the availability of time and resources to invest in what could be a somewhat lengthy process.
- The accreditation application process is not a once-off application and there is constant feedback from either the AF or the GCF, seeking points of clarity and/or further explanations or supporting documentation.



Group picture with Profonanpe’s staff and MEET’s representatives in Lima, Peru.

