



ADAPTATION FUND

**Status, lessons learned, key issues for the
future of climate finance architecture**

**Marcia Levaggi and Mikko Ollikainen
Adaptation Fund Board secretariat**

House of Sweden, 22 May 2013

Outline of Presentation

- **Overview of Climate Finance and the Adaptation Fund**
- Progress and achievements of the Adaptation Fund
- Lessons learned for the future of climate finance architecture



The Adaptation Fund is one of several international funds in the multilateral climate finance landscape



Least Developed Countries Fund (LDCF)
Special Climate Change Fund (SCCF)
Strategic Priority for Adaptation (SPA)

(year)

2002



WORLD BANK

Pilot Program on Climate Resilience



ADAPTATION FUND

Adaptation Fund

2009



Green Climate Fund



The Adaptation Fund was established under the Kyoto Protocol of the UNFCCC

- **Goal:**
 - ✓ Increase resilience through **concrete adaptation** projects & programmes
 - ✓ Focus on **most vulnerable countries and communities**
- **Innovative Features:**
 - ✓ Governed by **majority of developing countries**
 - ✓ **Levy on Clean Development Mechanism proceeds** & other sources of funding
 - ✓ **Direct access**



Direct Access is a groundbreaking modality that gives national entities full control over implementation

- Puts into practice principles of Paris Declaration on Aid Effectiveness :
 - **Ownership**
 - **Harmonization**
 - **Alignment**
 - **Mutual accountability**
 - **Results**
- Allows developing countries to **access adaptation finance directly** without intermediaries.
- Prepares countries for accessing other funds directly (including Green Climate Fund).



CMP set strict **fiduciary standards** that are internationally recognized:

- Financial integrity and management
- Institutional capacity
- Transparency and self-investigative powers



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There are now more National Implementing Entities eligible to access funds than multilateral agencies

15 National Implementing Entities:

- Centre de Suivi Ecologique (**Senegal**)
- Planning Institute of Jamaica (**Jamaica**)
- Agencia Nacional de Investigación e Innovación (**Uruguay**)
- Fonds national pour l'environnement (**Benin**)
- South African National Institute for Biodiversity (**South Africa**)
- Protected Areas Conservation Trust (**Belize**)
- Ministry of Natural Resources (**Rwanda**)
- Ministry of Planning and International Cooperation (**Jordan**)
- National Environment Management Authority (**Kenya**)
- Mexican Institute of Water Technology (**Mexico**)
- Unidad para el Cambio Rural (**Argentina**)
- National Bank for Agriculture and Rural Development (**India**)
- Fundecooperación (**Costa Rica**)
- Agency for Agricultural Development (**Morocco**)
- Agencia de Cooperación Internacional (**Chile**)

1 Regional Implementing Entity

- Banque Ouest Africaine de Développement

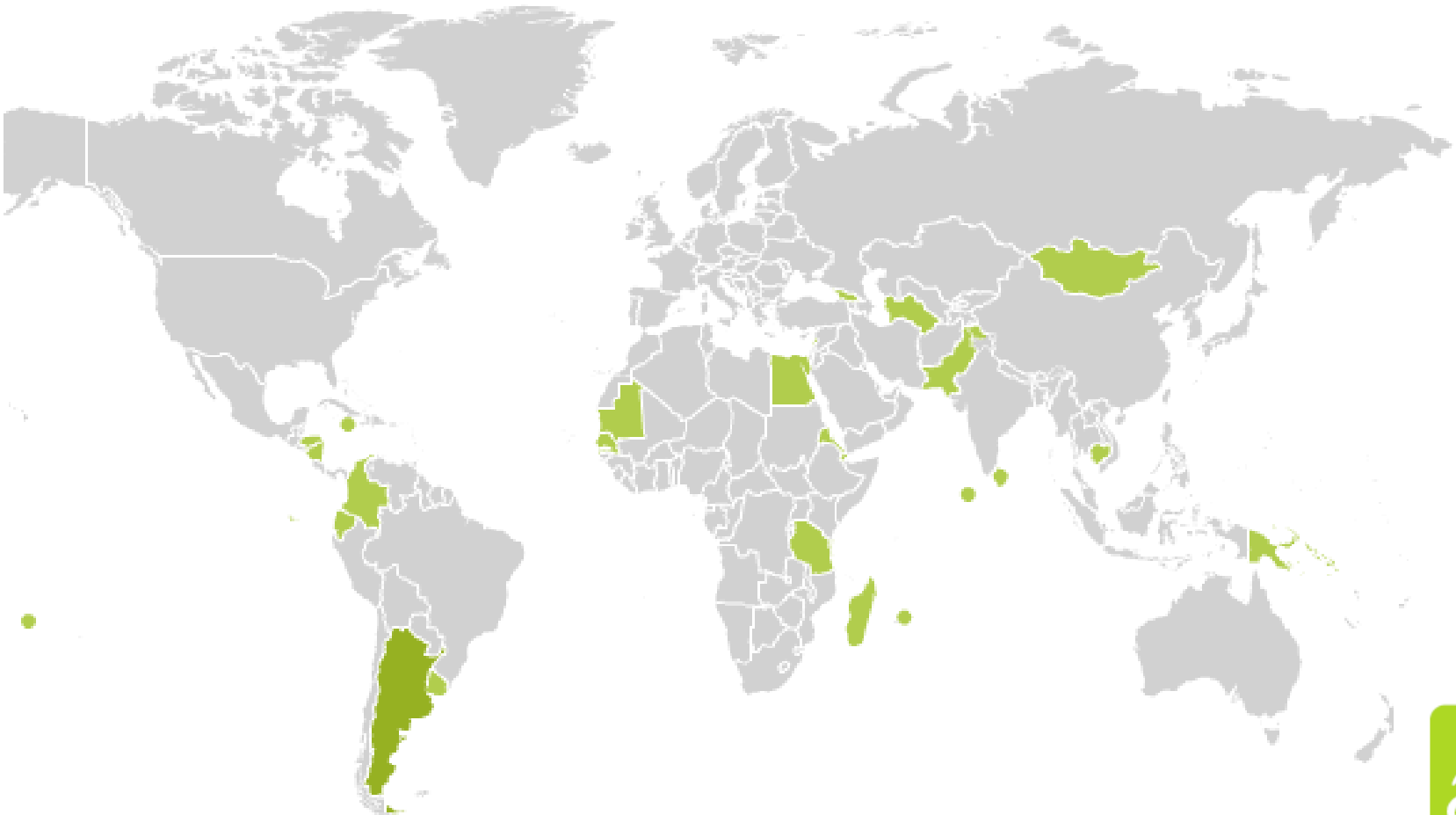
10 Multilateral Implementing Entities

- The World Bank, ADB, AfDB, IADB, UNDP, UNEP, IFAD, WFP, WMO, UNESCO

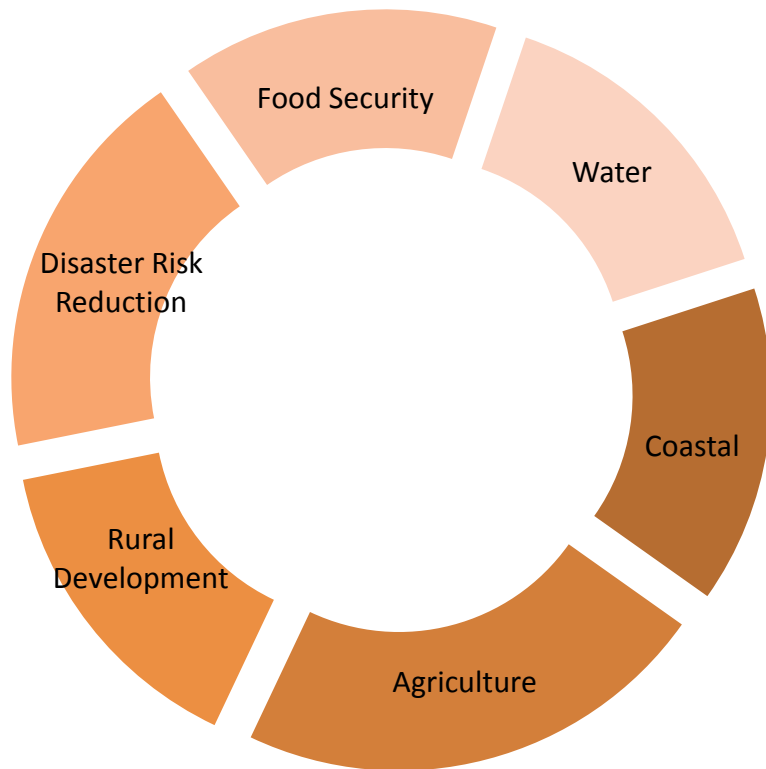


Since 2010 the Fund has approved US\$ 184 million for 28 adaptation projects in vulnerable developing countries

- All **developing countries are eligible** to access funding



The project portfolio covers a diverse range of sectors that reflect the range of local needs and priorities



- The Fund **gives freedom to country governments** to decide on the priority sectors and regions

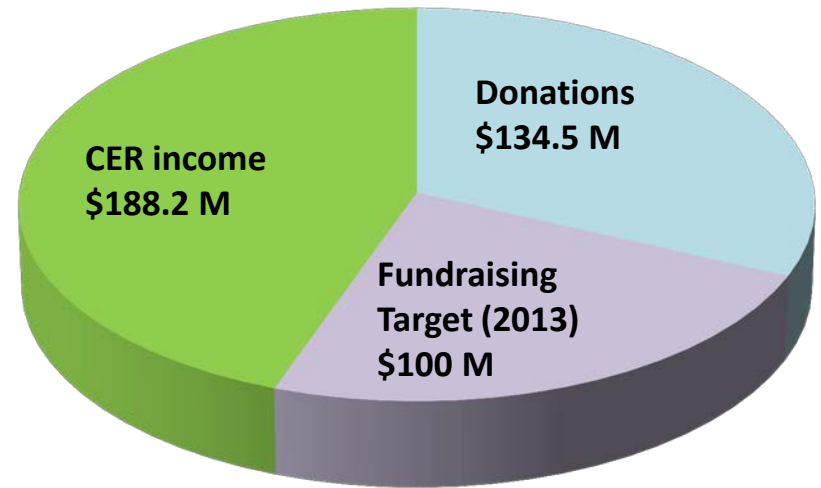
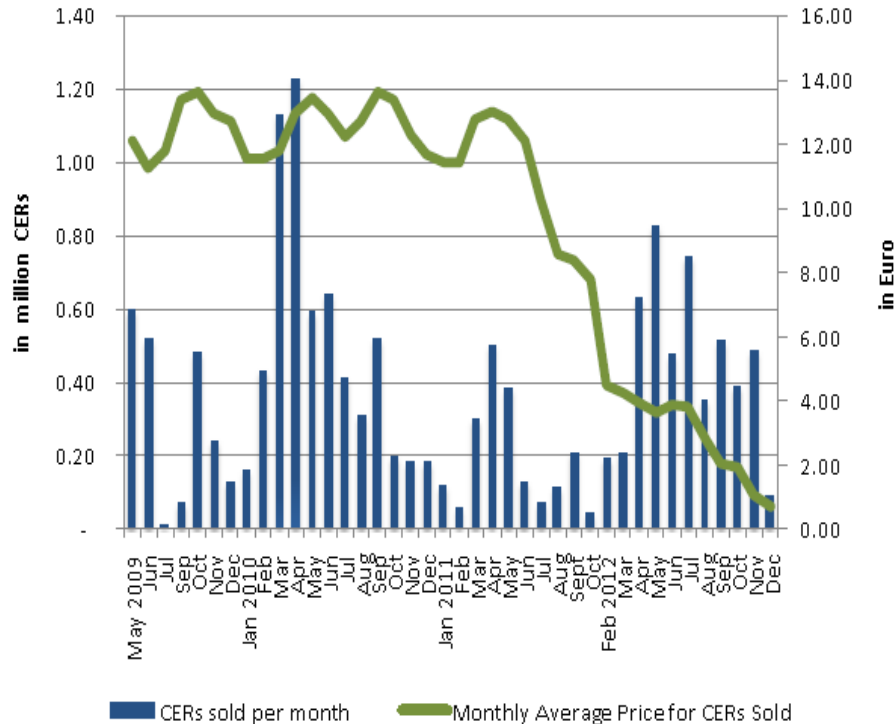


The Fund's main revenue source is CER sales but the collapse of carbon markets means new resources are urgently needed

CER prices have collapsed



The Fund must diversify its income



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Lesson 1: Direct access is proving that national entities can successfully implement projects/programmes

- **The number of NIEs is increasing**

2010: 3 NIEs

2011: 9 NIEs

2012: 15 NIEs

“Direct access provides developing countries with the opportunity to strengthen local capacity and to build on local expertise”
(Fundecooperacion, **NIE, Costa Rica**)

- **One third of NIEs are from LDCs or SIDS**

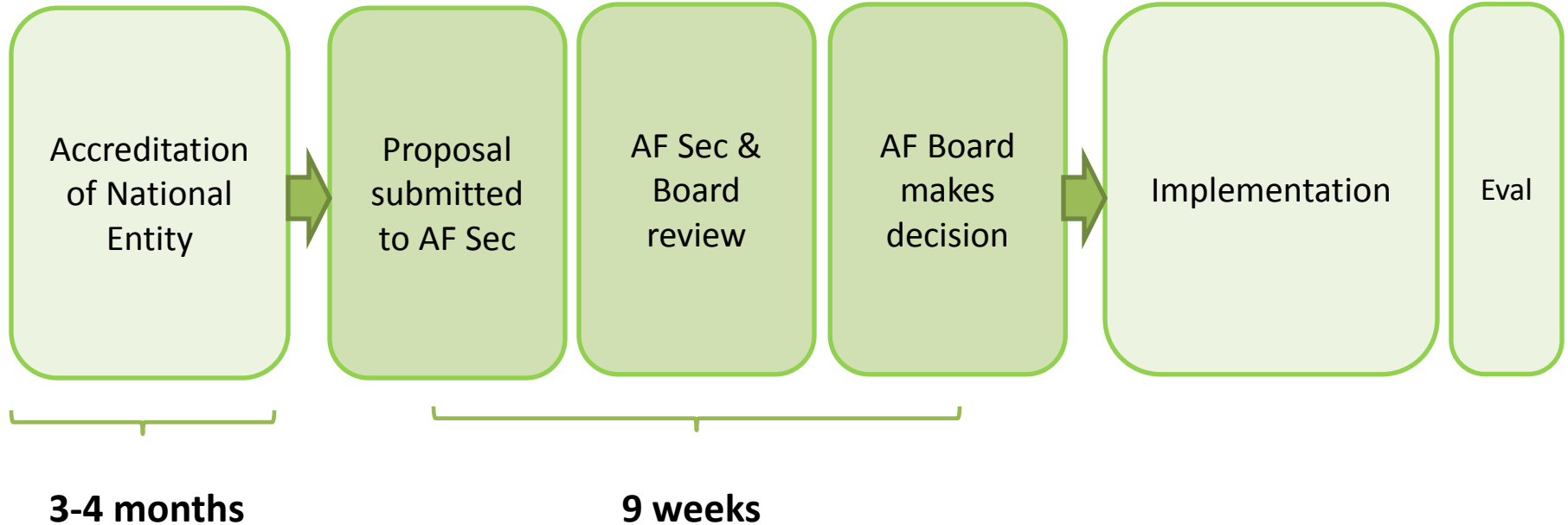
- **Learning-by-doing may be more effective than upstream institutional capacity building**

“The exercise [of selecting the project in an open and competitive process] has enhanced the transparency of the allocation of funding for national adaptation priorities” (**NIE of the Adaptation Fund**)



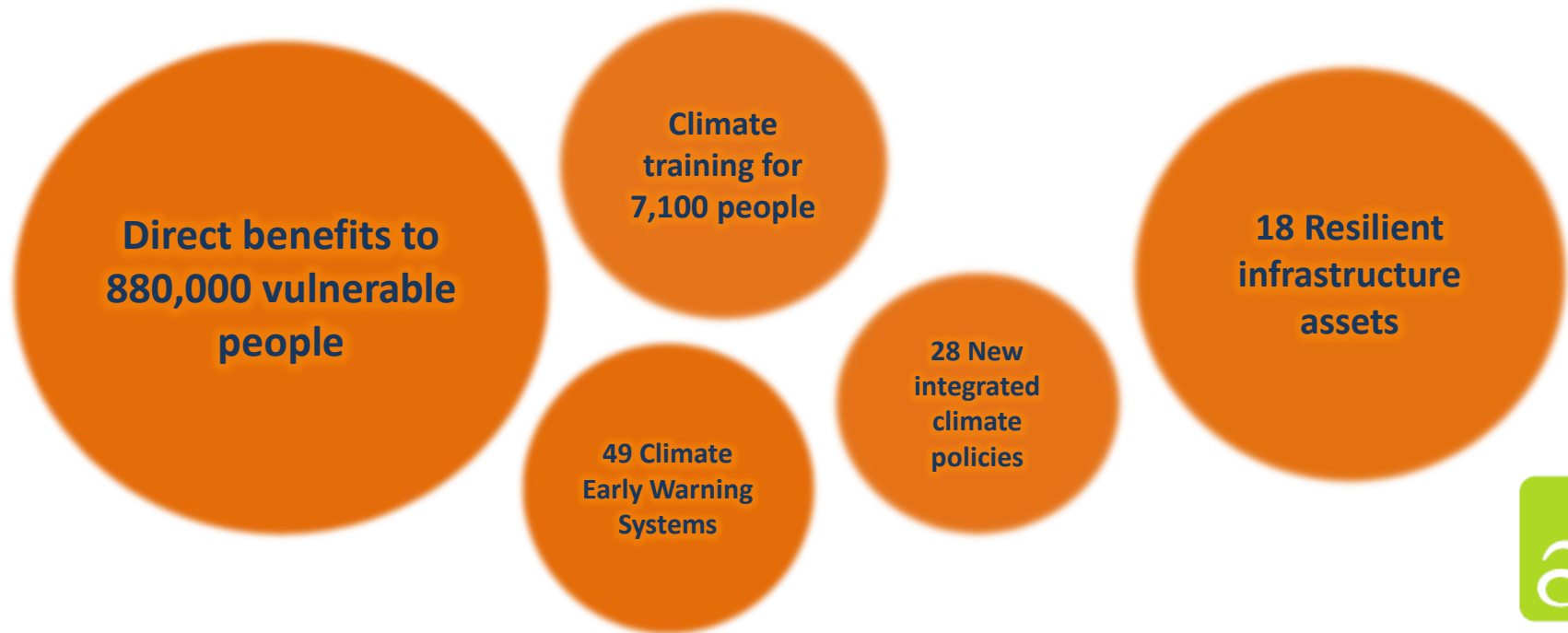
Lesson 2: The Fund's efficient decision-making is beneficial to developing countries seeking finance

SIMPLIFIED PROJECT CYCLE



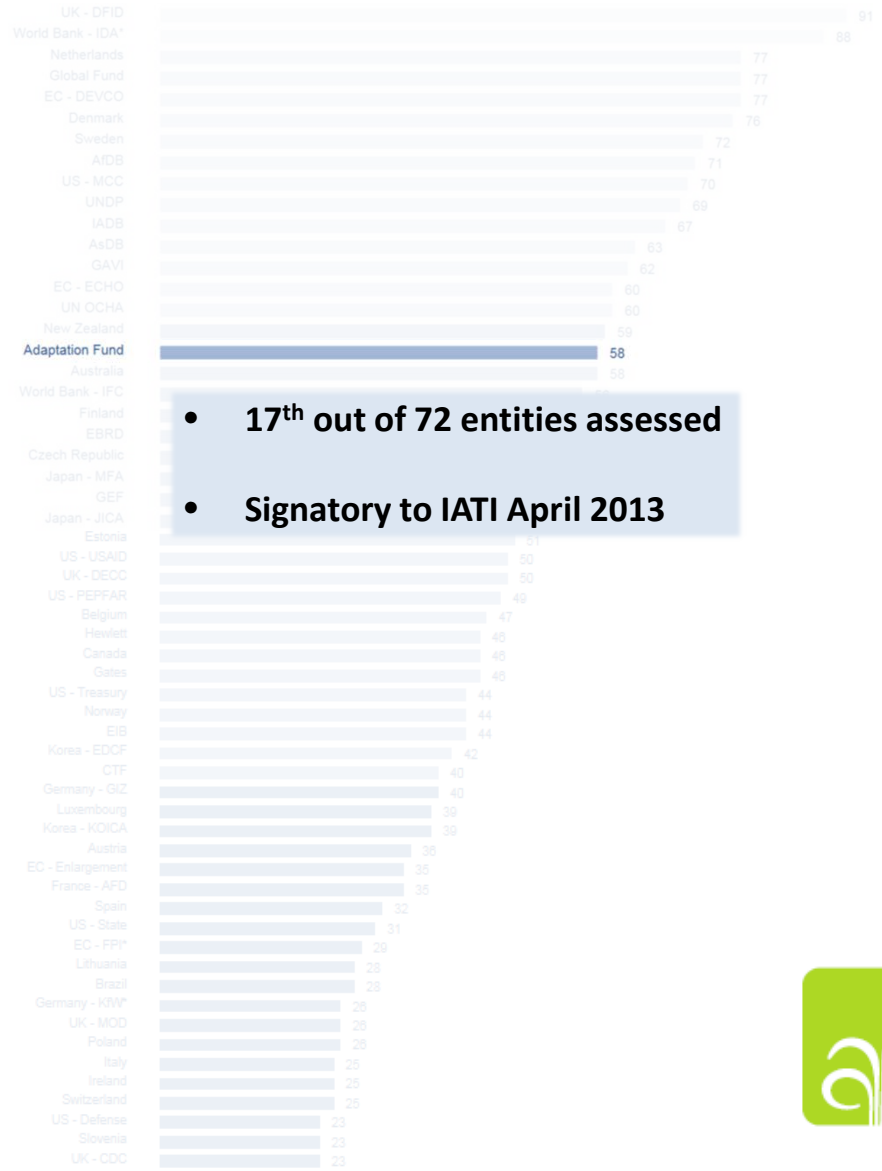
Lesson 3: A focus on results means project successes and cost-effectiveness can be measured and demonstrated

- **Results tracked** since February 2011
- **Performance-based disbursement:** funding tranches based on progress
- Projects **already underway will deliver...**



Lesson 4: The Fund's commitment to civil society engagement has resulted in enhanced transparency

- AF NGO Network set up by Germanwatch : allows **critique & feedback from local actors**
- Documents are **available online**
- Board meetings are all **open to observers** and **webcast online**
- International Aid Transparency Index ranked the Adaptation Fund **#1 among climate finance institutions assessed in 2012**



- **17th out of 72 entities assessed**
- **Signatory to IATI April 2013**





Marcia Levaggi and Mikko Ollikainen

www.adaptation-fund.org

afbsec@adaptation-fund.org



adaptationfund



@adaptationfund

