



ADAPTATION FUND

**The Adaptation Fund
- introduction & current situation**

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Outline of Presentation

- **Introduction**
- Current Status of Operations
- Recent Policy Developments



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

- **Goal:**

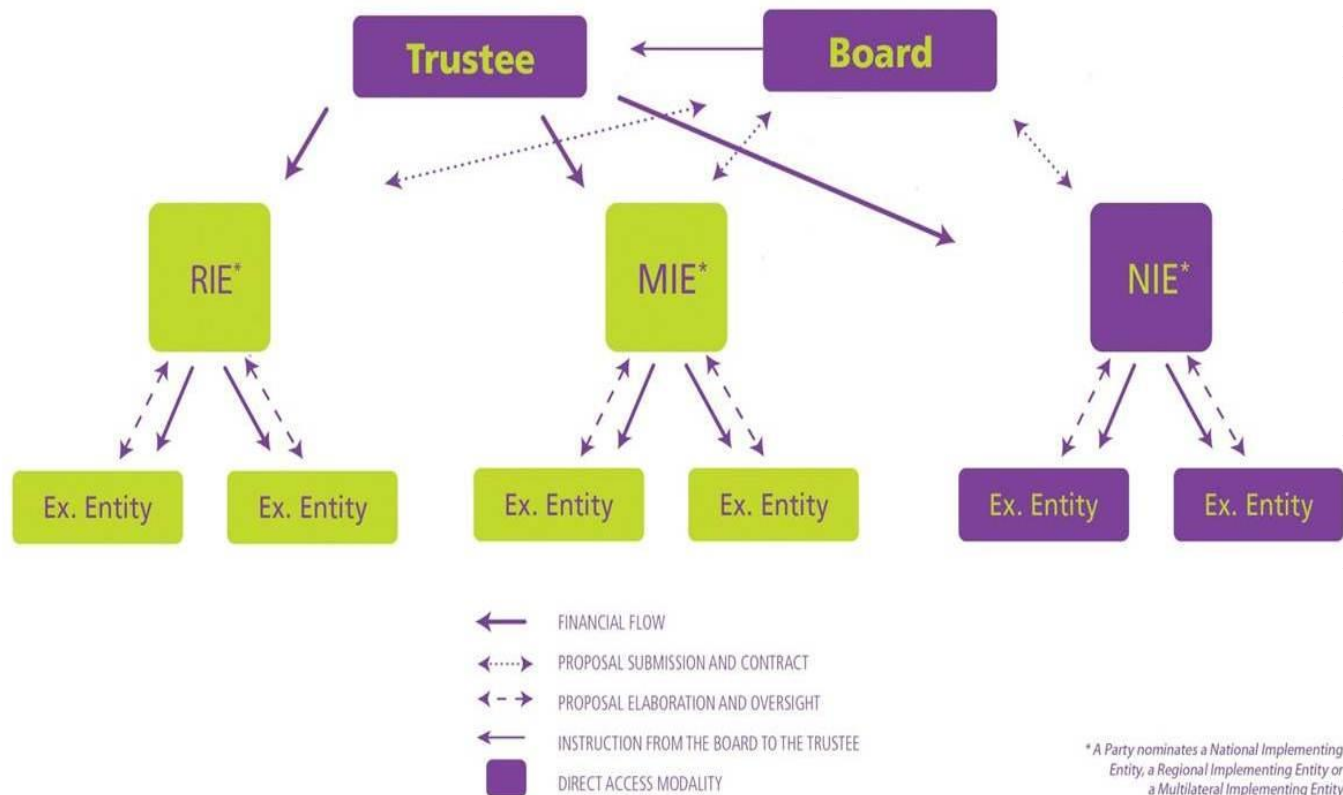
- ✓ Increase resilience through **concrete adaptation** projects & programmes
- ✓ Focus on **most vulnerable countries and communities**

- **Innovative Features:**

- ✓ Governed by **majority of developing countries**
- ✓ **Levy on** Clean Development Mechanism **proceeds** & other
- ✓ of funding
- ✓ **Direct access** alongside conventional access through international orgs



There are 3 modalities that developing countries can use to access Adaptation Fund resources



- Funding decision (AFB)
- Funds transfer (Trustee)
- Proposal submission
- Project supervision
- Financial responsibility
- Project execution: work on the ground
- Report to the IE

4 RIEs accredited

11 MIEs accredited

19 NIEs accredited



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

At the national level:

- Funds and projects directly managed by countries
- Elevates issues relating to climate change and adaptation to the national level
- Improves intragovernmental collaboration and amplifies stakeholder voices



At the institutional level:

Applicants

- Improve understanding of fiduciary standards
- Identify areas to bolster financial management and accountability
- Shift from following others' rules to having their own rules
- Improve governance by instituting policies against fraud and corruption



The Accreditation Process - NIEs

- **Step 0:** The government appoints a Designated Authority. The DA must endorse the accreditation application of Implementing Entity and all IE project/programme proposals.
- **Step 1:** Submit application:
 - a. Description of how the organization meets the specific required capabilities
 - b. Attachment of supporting documentation
- **Step 2:** Accreditation Panel Reviews Application.
- **Step 3:** Panel can request additional information/clarification from organization.
 - a. Might suggest to Board that an on-site visit is required
 - b. Might suggest that technical support needs to be provided to an applicant to improve its capacity in order to attain accreditation
- **Step 4:** Panel makes recommendation to AF Board.
- **Step 5:** AF Board makes final decision on accreditation of entity



Accreditation and Responsibilities for IEs



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Fiduciary Standards for Accreditation

- Financial management and integrity
- Institutional capacity
- Transparency, self-investigative powers, and anti-corruption measures

Management of Projects

- Full responsibility for overall management of projects and programmes

Project Reporting

- Responsible for monitoring and reporting

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NIEs span different regions and types of economies

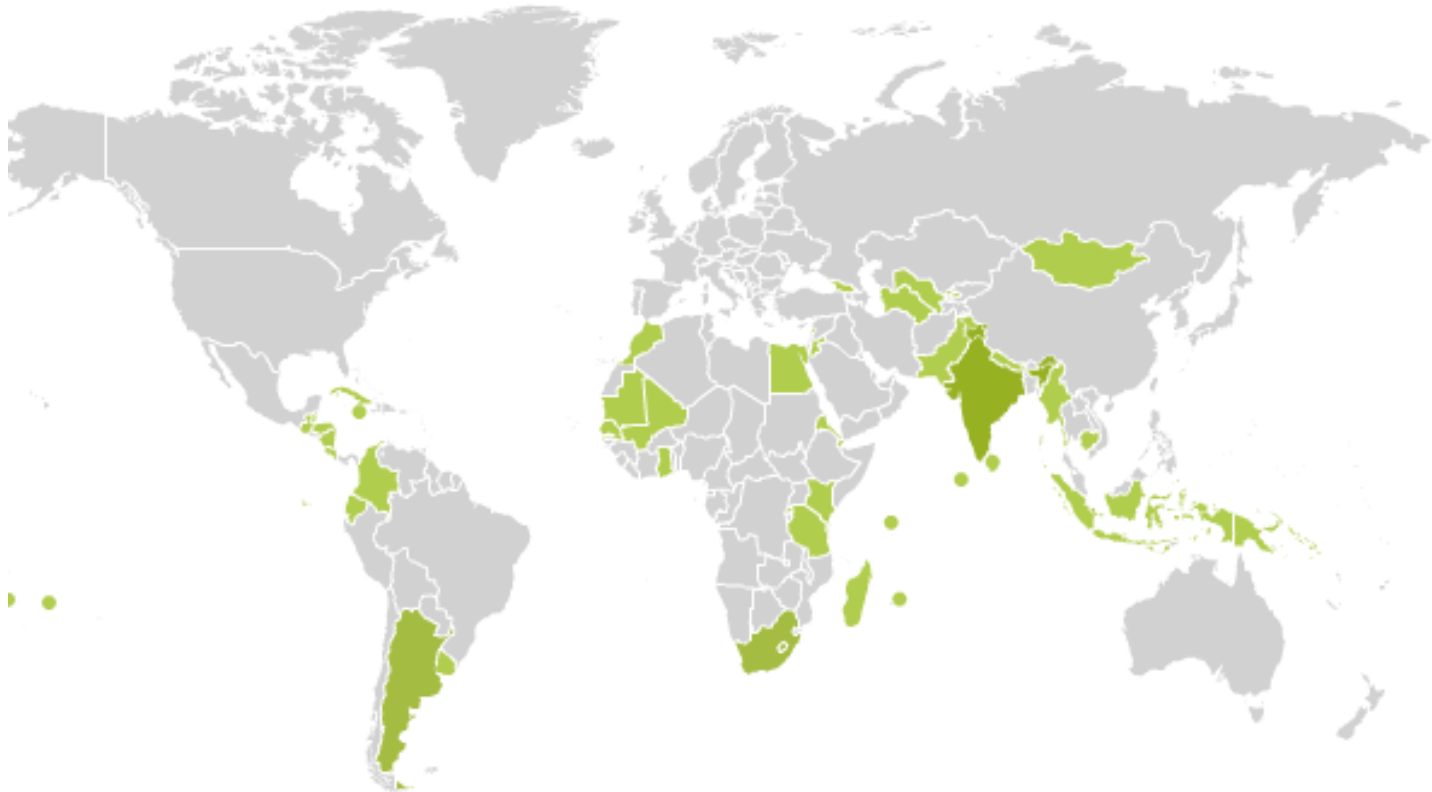


- In the first half of 2015 three new agencies accredited:
 - Fundación NATURA (Panama)
 - Micronesia Conservation Trust (Federated States of Micronesia)
 - Environment Division, Ministry of Health and the Environment (Antigua)



Since 2010 the Fund has approved US\$ 318 million for 48 adaptation projects in vulnerable developing countries

- 34 implemented by MIEs
- 14 implemented by NIEs

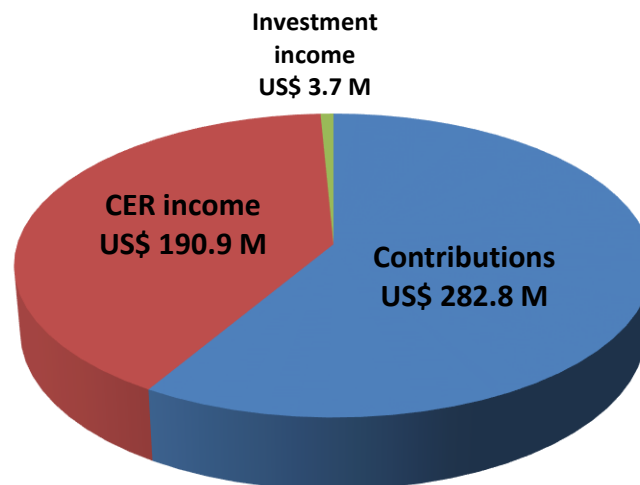
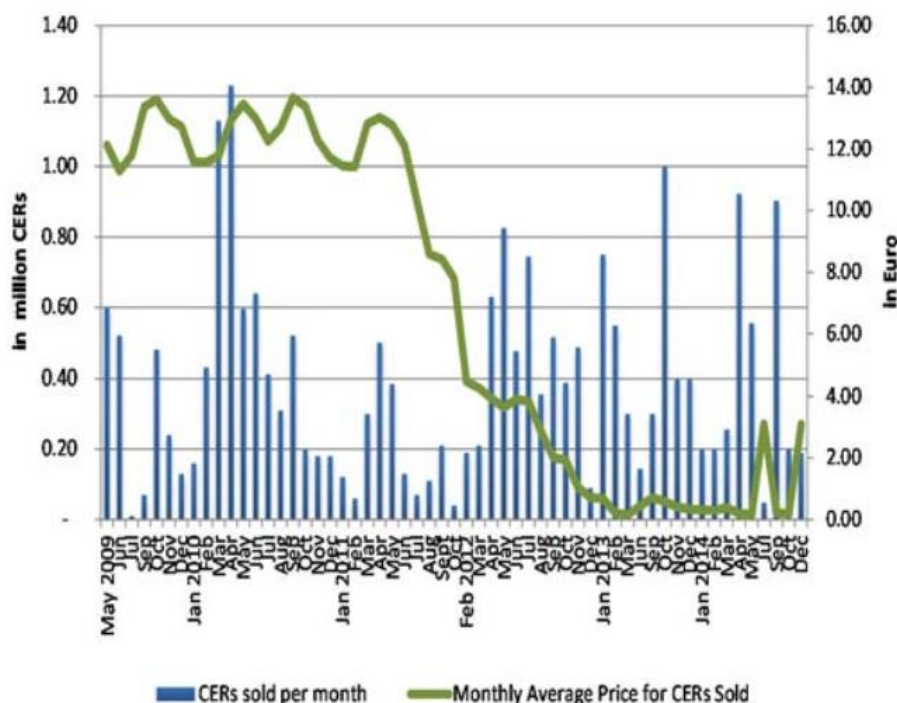


The Fund's main revenue source is CER sales but the collapse of carbon markets means new resources are urgently needed

CER prices have collapsed



Donations now main source of funds



Fundraising progress / targets:

2012-13: US\$ 103.4 M / US\$ 100 M

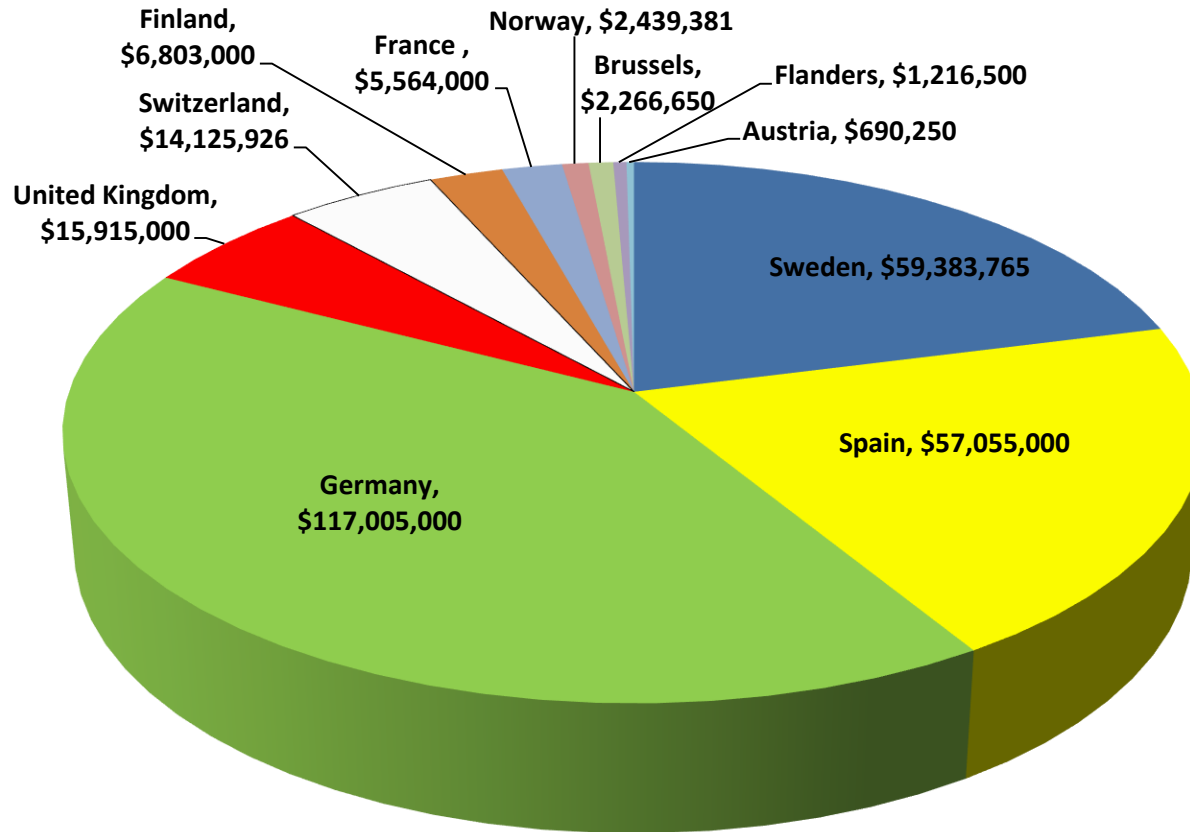
2014-15: US\$ 64.5 M / US\$ 160 M

Funds available for new projects:

- For NIEs/RIEs: US\$ 130.1 M
- For MIEs: US\$ 4.4 M



Contributions to the AF since inception



* Figures do not include EUR 2 M contribution from Luxembourg not yet converted to US\$



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Lesson: Support for direct access readiness is needed

- Readiness Programme launched in May 2014

Convening actors working on direct access (accreditation, project development, capacity building)

Designing improved materials on AF processes

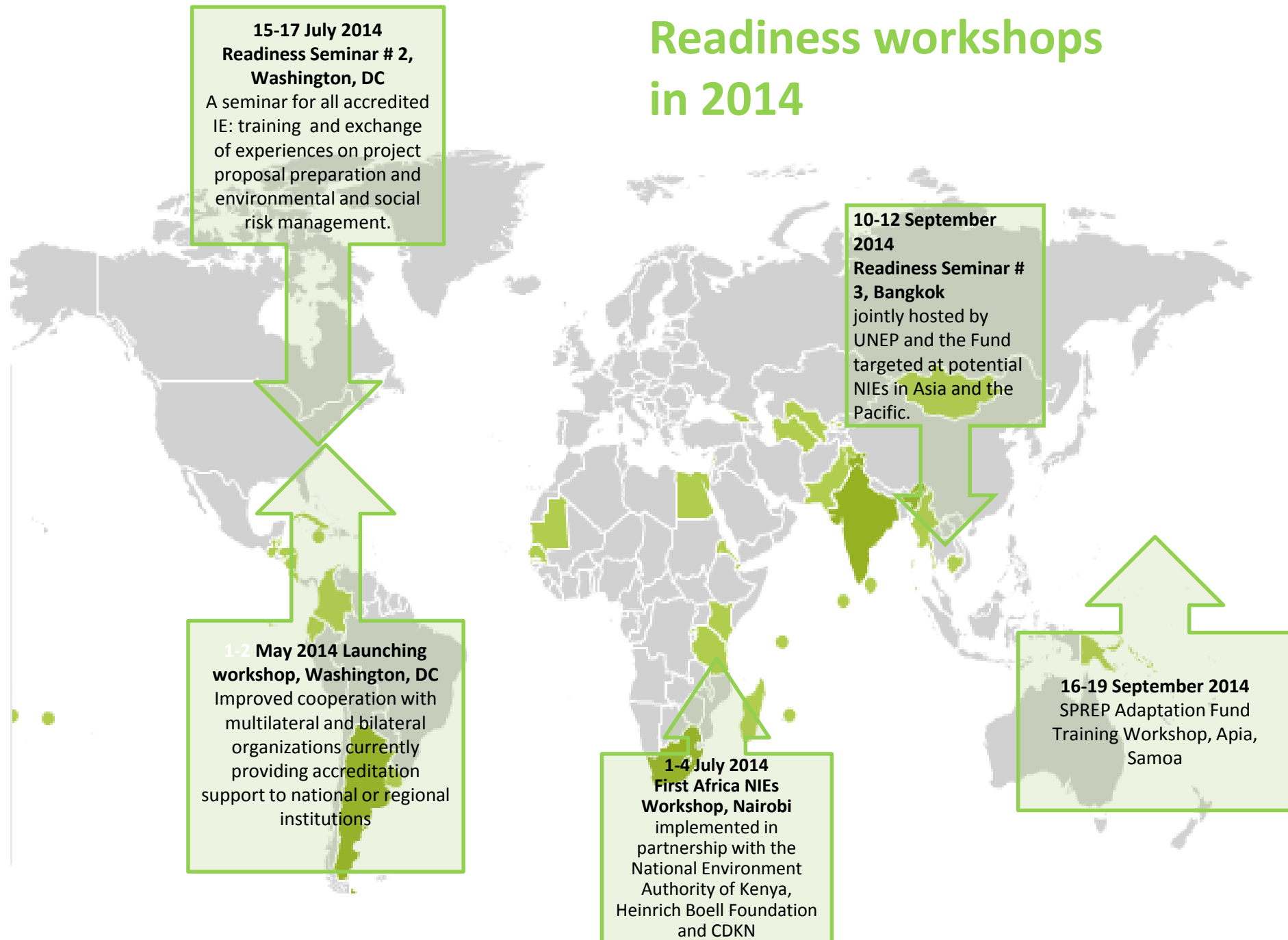


Developing a knowledge exchange platform:
climatefinanceready.org

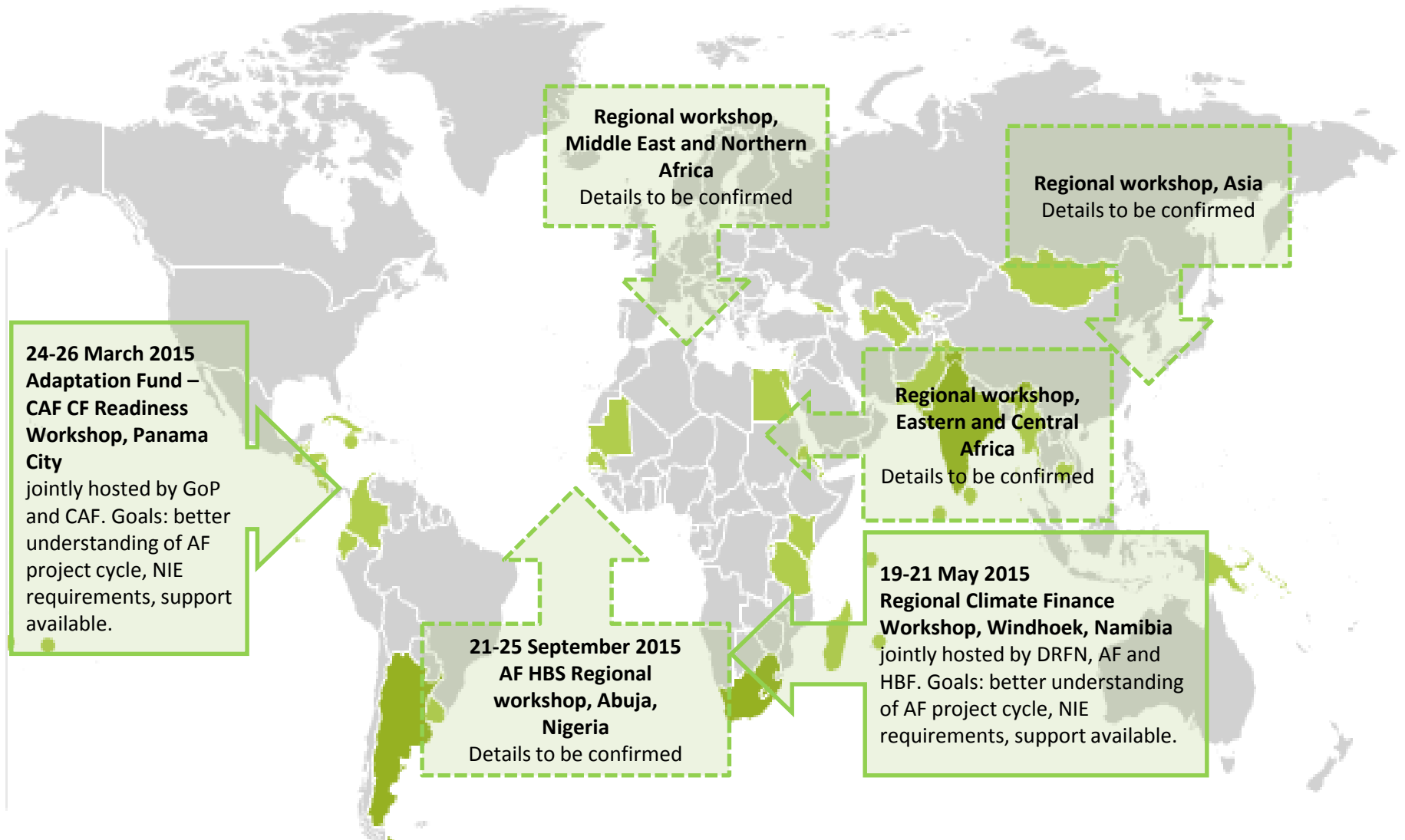
Small grants:

- South-south cooperation
- Environmental and Social technical assistance

Readiness workshops in 2014



Readiness workshops in 2015



Policy: Environmental and Social Policy (November 2013) now rolled out to operations

At accreditation stage:

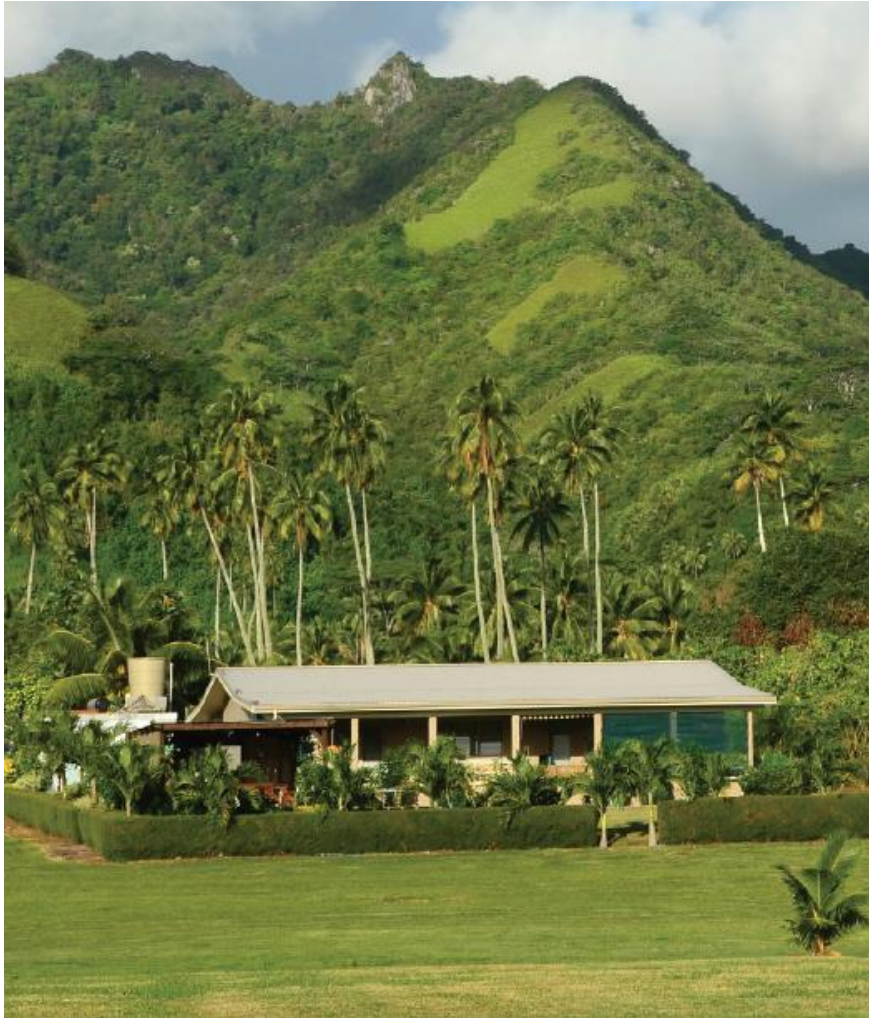
- In addition to overall risk management capacity: systems to assess, mitigate and manage environmental and social risk

At project proposal stage:

- Screening against 15 principles of the ESP
- Categorization of proposed project
- ESIA, ESMP
- Grievance mechanism



Policy: Streamlined accreditation process (smaller entities)



- Approved in April 2015
- In some countries, may be difficult to find suitable NIE candidates that are able to access up to USD 10 million
- Streamlined process:
 - Same accreditation standards
 - Flexibility in means of verification
 - Reduced time, effort
 - Conditionality that can be revoked



Policy: Pilot Programme for Regional Activities

- Launched in May 2015
- Up to 4 regional projects/programmes
- Total value USD 30 million
- Open to RIEs and MIEs, partnering with NIEs and other national agencies
- Themes:
 - Food security
 - DRR & EWS
 - Transboundary water management
 - Innovation in adaptation finance



Strategic discussion: Linkages with the Green Climate Fund

- October 2014: AFB inputs to CMP 2nd Review of the AF
 - discussion on linkages
 - developing options paper
- April 2015: AFB decided to request:
 - Chair & Vice-Chair consult with SCF
 - Chair & Vice-Chair start dialogue with GCFB Co-Chairs: linkages, complementarity
 - secretariat conduct further legal, operational, financial analysis
 - AF secretariat discuss with GCF secretariat areas of collaboration: readiness, results, accreditation, projects

Thank you!



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