Adaptation Fund: Helping Countries Adapt to Climate Change through a Range of Flexible Finance Modalities

Marrakech, 8 November 2016
Since inception, the Fund has mobilized over half a billion dollars in resources. US$ 197 million came from CER proceeds and US$ 345 million from developed countries’ contributions.

The resources allocated so far amount to US$ 357.5 million in 63 countries, of which 23 are LDCs and 14 SIDS.

The Adaptation Fund currently funds 55 concrete, localized adaptation and resilience projects in 48 vulnerable countries with 3.7 million direct beneficiaries. Its projects are effective, flexible and scalable, and can be replicated in other communities.
The Fund’s main revenue source is CER sales but the collapse of carbon markets means new resources are needed.

CER prices have collapsed ➔ Contributions now the main source of funds

Funds available for new projects:
- For MIEs: US$ 35.3 M
- For NIEs/RIEs: US$ 84.6 M
- Regional pilot: US$ 29.6 M

Fundraising progress / targets:
2012-13: US$ 103.4 M / US$ 100 M
2014: US$ 64.4 M / US$ 80 M
2015: US$ 75.8 M / US$ 80 M
2016: US$ 0.0 M / US$ 80 M
Contributions to the AF since inception

- **Sweden**, $59,383,765
- **Spain**, $57,055,000
- **Germany**, $171,621,200
- **United Kingdom**, $15,915,000
- **Switzerland**, $14,125,926
- **Finland**, $6,803,000
- **France**, $5,564,000
- **Norway**, $2,439,381
- **Luxembourg**, $2,105,296
- **Italy**, $2,172,800
- **Belgium**, $1,645,500
- **Brussels**, $2,266,650
- **Flanders**, $1,216,500
- **Wallonia**, $1,395,000
- **Austria**, $690,250
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Since 2010 the Fund has approved US$ 358 million for 61 countries

- 35 implemented by MIEs, 2 implemented by RIEs, 18 implemented by NIEs
Adaptation Fund and the Direct Access Modality

• Objectives:
  ✓ Direct Access, whereby a country can access funds directly from the AF and other funds adopting similar modality to manage adaptation/mitigation projects, requires an accredited National Implementing Entity meeting the funds’ fiduciary standards, environmental and social safeguards and gender policy.

• Assessment Criteria:
  ✓ Approved by the Adaptation Fund Board
  ✓ Implementing entities must meet the requirements in four key areas:
    - Legal status
    - Financial Management and Integrity;
    - Institutional Capacity; and
    - Transparency, Self-investigative Powers and Anti-Corruption Measures and Polices and Mechanisms to monitor and address Complaints about Environmental or Social Harms Caused by Projects.
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
At accreditation stage:
- In addition to overall risk management capacity: systems to assess, mitigate and manage environmental and social risk and the commitment to gender equality

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

Policy: Environmental and Social (November 2013) and Gender Policy (March 2016)

Environmental and Social Policy now rolled out to operations and Gender policy approved in March 2016
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
Policy: Pilot Programme for Regional Activities

- 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
- Huge interest after first call in May 2015: proposals totaling ca. US$ 100 million
- 11 pre-/concepts endorsed
- October 2016: call extended beyond pilot

- **Relevance**: AF design is coherent with and complementary to other adaptation efforts under UNFCCC
- **Effectiveness**: AF main processes are generally effective and demonstrate steady improvement, with the exception of resource mobilization and knowledge management
- **Efficiency**: AF and its institutional arrangements provide good value for money
- **Sustainability**: significant, structural threat to the sustainability, adequacy, and predictability of resources for the AF