



**ADAPTATION FUND**  
**Adaptation Fund: enhancing  
implementation of the Paris  
Agreement  
through innovative finance  
and concrete action**


Bonn , 11 May 2017





# Outline of Presentation

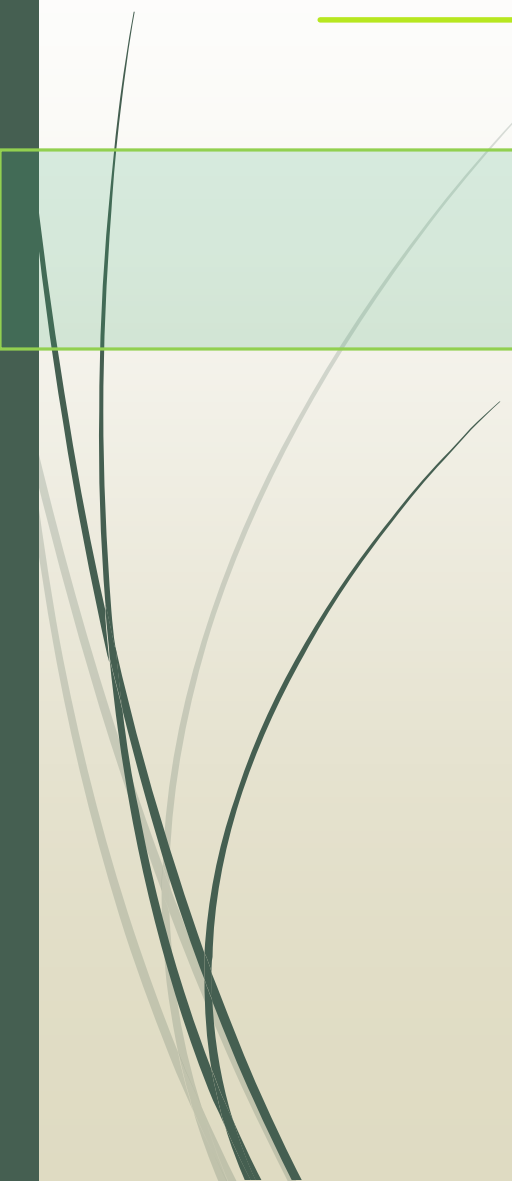
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- Background of the Adaptation Fund and current status of operations
  - Recent developments in the Fund to further enhance its effectiveness
  - Adaptation Fund and the Paris Agreement

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# Adaptation Fund increases resilience through concrete adaptation projects

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- **Innovative Features:**

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

# Experience on funding Climate Adaptation



Since inception, the Fund has mobilized over 630 million dollars in resources. US\$ 198 million came from CER proceeds and US\$ 433 million from developed countries' contributions.

The resources allocated so far amount to US\$ 417 million in 65 countries, of which 24 are LDCs and 14 SIDS.

The Adaptation Fund currently funds 63 concrete, localized adaptation and resilience projects in 53 vulnerable countries with 5.4 million direct beneficiaries. Its projects are effective, flexible and scalable, and can be replicated in other communities.



Since 2010 the Fund has approved US\$ 417 million for 65 countries



### 63 concrete projects

- 37 implemented by MIEs
- 4 implemented by RIEs
- 22 implemented by NIEs

### Funds available for new projects:

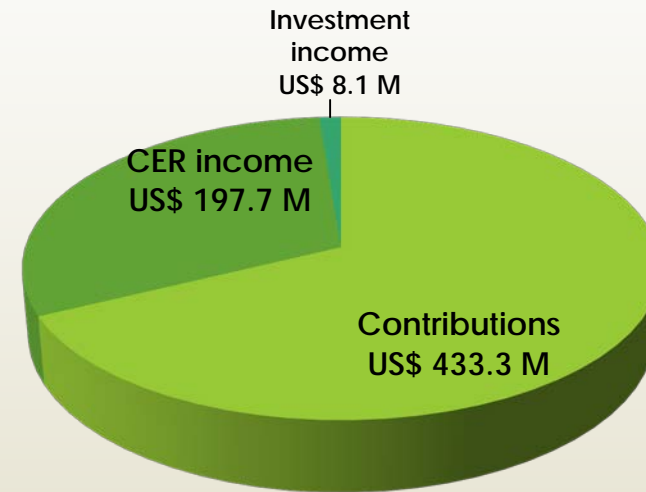
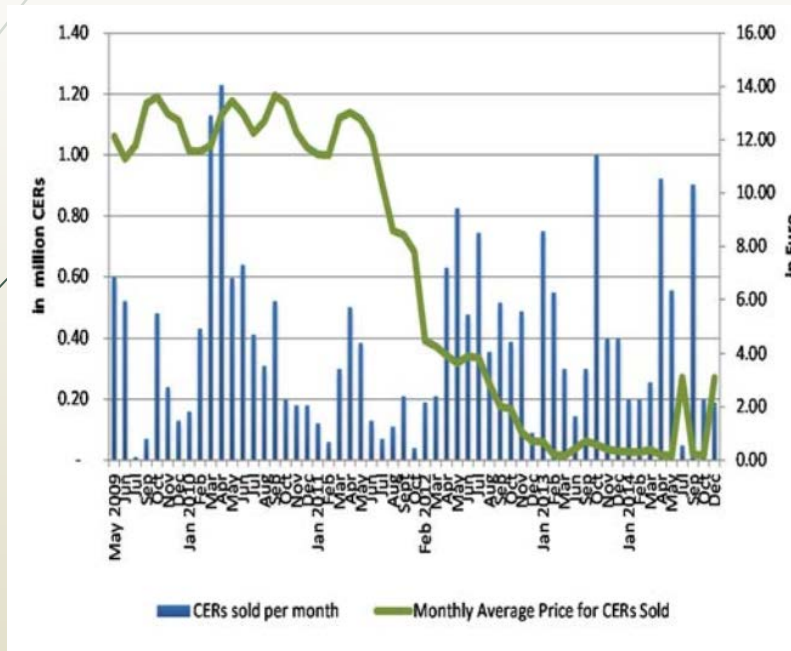
- For MIEs:  
US\$ 67.0 M
- For NIEs/RIEs:  
US\$ 108.5 M
- For regional projects:  
US\$ 45.0 M

# 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



## 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

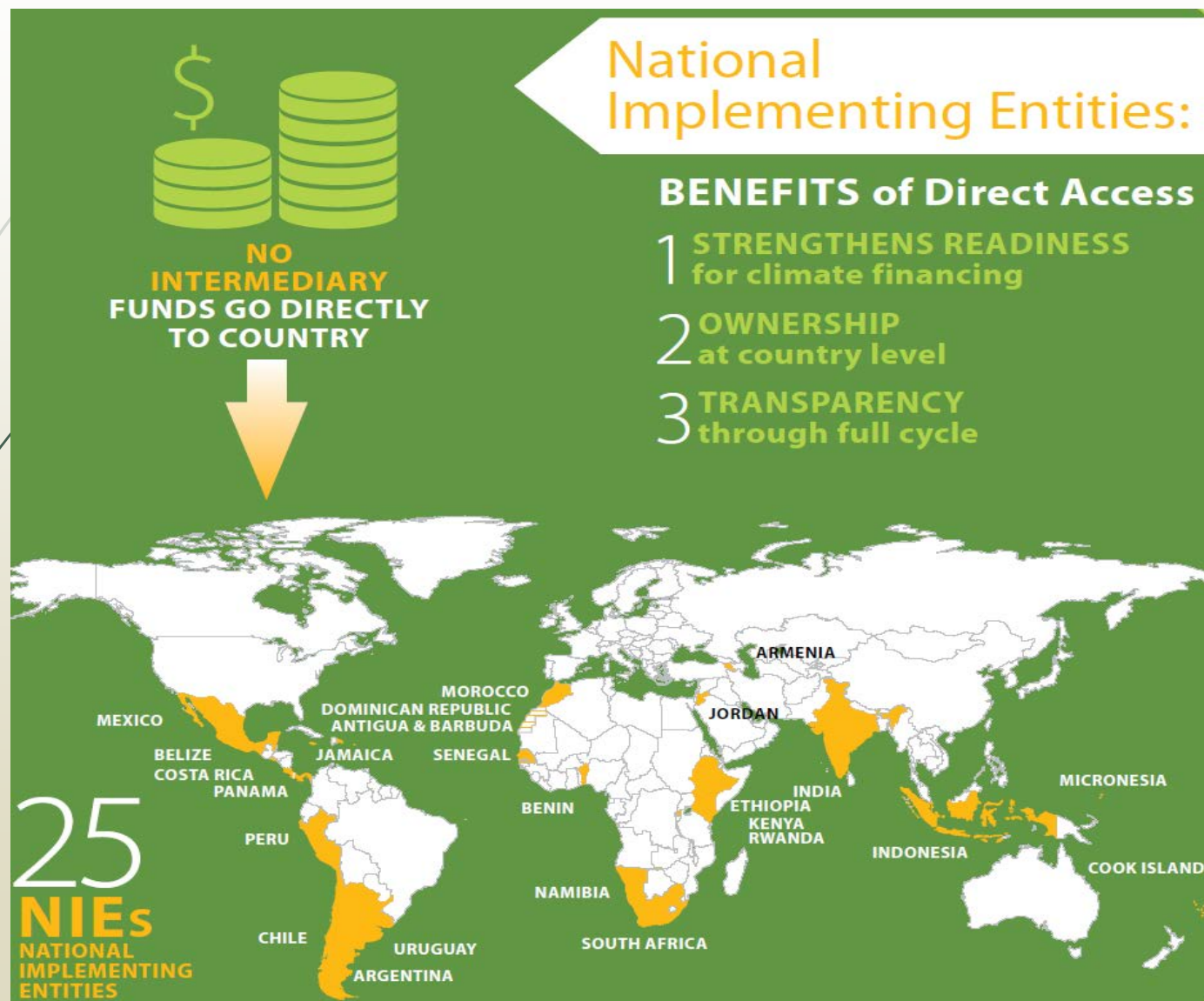
2016: US\$ 81.5 M / US\$ 80 M

2017: US\$ 0 M / US\$ 80 M

## Active pipeline of projects:

US\$ 200.9 M (as on 11 May 2017)

# The number of direct access entities is increasing



## 43 Implementing Entities

- 25 NIEs
- 6 RIEs
- 12 MIEs

**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



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# Lesson: Support for direct access readiness is needed

## - Readiness Programme launched in 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](http://climatefinanceready.org)

**Small grants:**

- South-south cooperation
- Environmental and Social technical assistance

# Policy: Accreditation of small entities – AF streamlined process

- Small governments (e.g. in SIDS and LDCs) may not have suitable NIE candidates that are able to access up to USD 10 million
- AFB approved a modified accreditation process “fit for purpose” for small entities in April 2015
- First entities to benefit: Micronesia Conservation Trust, Cook Islands Ministry of Finance and Economic Management, Armenian Environmental Project Implementation Unit



**MICRONESIA**  
CONSERVATION TRUST

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**Ministry of Finance  
& Economic Management**  
Government of the Cook Islands



# 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

## 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





# Financing Regional Activities

- Launched in 2015 with initial 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\$ 130 million
- **October 2016: call extended beyond pilot**
- **First regional project approved in March 2017**





# Adaptation Fund medium-term strategy

- To be based on the goals of:
  - Article 7 of the Paris Agreement
  - SDG 13.1
- Stepwise process
  - Step 1: Framework (Oct 2016)
  - Step 2: Elements (Mar 2017)
  - Step 3: Development of strategy (May-Oct 2017)
- Multi-stakeholder process
  - Step 1-2: Intensive stakeholder interviews
  - Step 3: public commenting, disclosure



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# Evaluation: Phase I (2014-2015)

- **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
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- **Phase II (2017-2018):** focus on project and programme outcomes
  - **Third review** of the Adaptation Fund (2017)

## Independent Evaluation of the Adaptation Fund First Phase Evaluation Report



### ABSTRACT

The Adaptation Fund was established in 2001 to finance concrete adaptation projects and programs in developing country Parties to the Kyoto Protocol and those that "are particularly vulnerable to the adverse effects of climate change." This Independent Evaluation is the first of two phases in a comprehensive evaluation of the Adaptation Fund. This report presents the findings and analysis for the First Phase evaluation, which is a process evaluation that focuses on the Adaptation Fund's operational performance from its establishment through June 2015.

Report date: 21 August 2015



ADAPTATION FUND

# Adaptation Fund timeline to serve the Paris Agreement

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2015:

- **Decision 1/CP.21** adopting the Paris Agreement: the Adaptation Fund *may serve the Agreement*, subject to relevant decisions by the CMP (Kyoto Protocol parties' meeting) and the CMA (Paris Agreement parties' meeting)  
-> roadmap

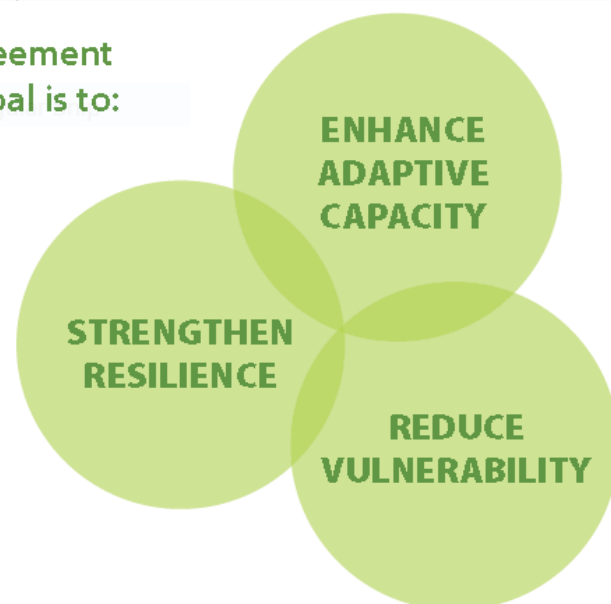
2016:

- **Decision 1/CMA.1**: the Adaptation Fund *should serve the Agreement*
  - Decisions to be taken by CMP14 and CMA1-3 (2018)
  - Should address *the governance and institutional arrangements, safeguards and operating modality of the Adaptation Fund*
- **Decision 1/CP.22**: requested the Ad Hoc Working Group on the Paris Agreement to address the issues referred to in Decision 1/CMA.1
  - Requested parties to submit their views on these issues

2017: On-going negotiations towards "*shall serve the Paris Agreement*"

# Adaptation Fund is already serving the goals of the Paris Agreement

The Paris Agreement adaptation goal is to:



- **Need for public and grant based resources** for adaptation, as well as the importance of support and of taking into account the needs of developing countries (Art. 7)



**ALREADY ALLOCATED**  
**US\$417 million**  
to 63 concrete adaptation projects/programmes in 53 countries, including 12 SIDS and 15 LDCs.



**DIRECT ACCESS PIONEER:**  
**36% of portfolio**  
is allocated to direct access projects in 20 countries, promoting country owned and driven processes, and strengthening local institutions.



**STRONG GOVERNANCE:**  
fully established and positively reviewed policies and guidelines



**BENEFITING**  
**5.38 million**  
**DIRECT BENEFICIARIES**  
in the most vulnerable communities in developing countries.



**SWIFT PROJECT REVIEW CYCLE:**  
in as little as nine weeks



**SUCCESSFUL TRACK RECORD**  
of building institutional capacity through the direct access modality, from accreditation to implementation and evaluation of nationally designed projects and programmes.



**DELIVERING**  
replicable and scalable projects of up to  
**US\$10 million**



**CAPACITY BUILDING:**  
readiness programmes support NIEs in accessing funds for adaptation, including through South-South cooperation support, provides technical assistance grants for environmental and social safeguards and gender, and has established community of practice among NIEs to exchange knowledge and experiences.



**EXPERTISE**  
of the Adaptation Fund has been shared with other climate funds: the Green Climate Fund (GCF) has used "fasttrack" accreditation of Adaptation Fund accredited implementing entities to accredit 12 out of 13 National Implementing Entities to date.



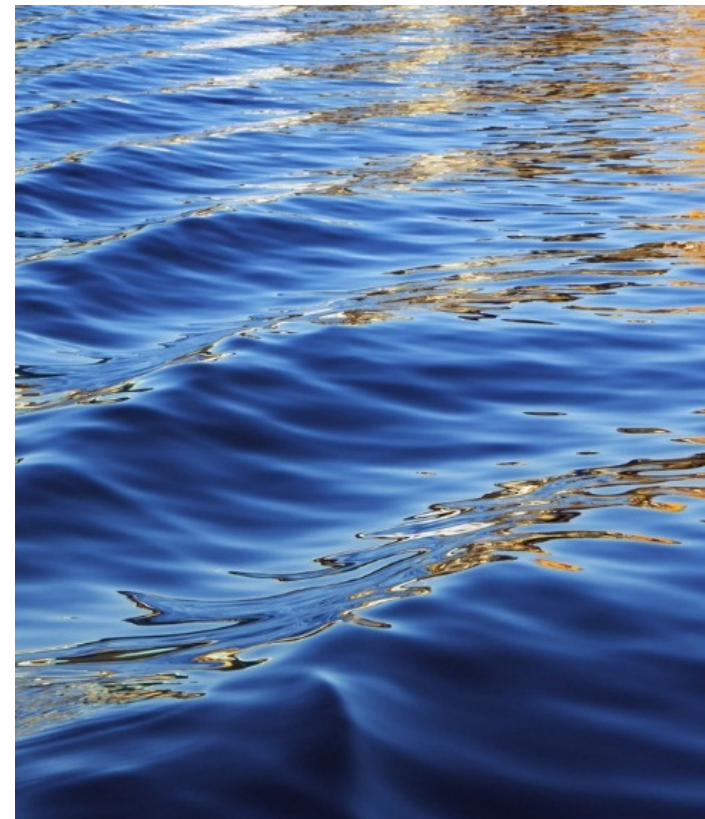
**GROWING DEMAND:**  
record number of proposals





**ADAPTATION FUND**

[www.adaptation-fund.org/](http://www.adaptation-fund.org/)  
@adaptationfund



# Adaptation Fund and the Green Climate Fund

- CMP10 (Lima 2014) requested the AF Board to consider options for developing operational linkages between the AF and bodies under the Convention (such as the GCF)
- In 2015 the Board considered matters related to complementarity, including establishing an operational linkage between the AF and the GCF for channelling resources for adaptation and identified two options:
  - (a) seeking accreditation as financial intermediary with the GCF; or
  - (b) entering into an MOU or ad hoc agreement with the GCF.
- The AF Board requested the secretariat to discuss with the GCF secretariat concrete activities to initiate collaboration, such as:
  - readiness support, including by joint activities;
  - results based management; accreditation; and project/programme identification.
- The AF Board requested its Chair and Vice-Chair to carry out consultations with the Co-Chairs of the GCF Board