



Recent development in the

4th NIE Seminar Puntarenas Province, Costa Rica, 25-28 July 2017





- 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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Stocktaking of AF funding and resources

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\$ 438 million in 65 countries, of which 24 are LDCs and 14 SIDS.

The Adaptation Fund currently funds 66 concrete, localized adaptation and resilience projects in 55 vulnerable countries with more than 5.5 million direct beneficiaries. Its projects are effective, flexible and scalable, and can be replicated in other communities.

Since 2010 the Fund has approved US\$ 438 million for 65 countries



66 concrete projects

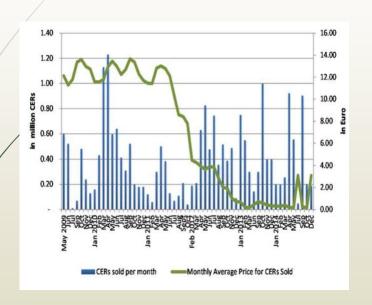
- 39 implemented by MIEs
- 4 implemented by RIEs
- 23 implemented by NIEs

Funds available for new projects, in March 2017:

- 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





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

Small grants:

- South-south cooperation
- Environmental and Social technical assistance

Policy: Accreditation of small entities – AF streamlined process

- Small entities (including in SIDS and LDCs) may not have suitable capacity 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











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:

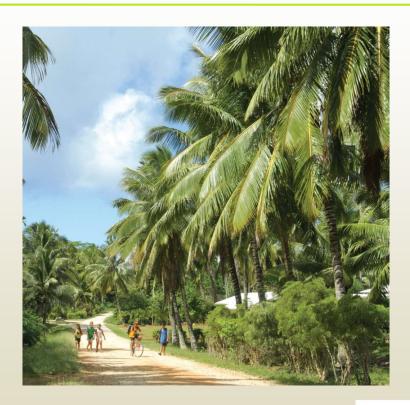
- Screening against 15 principles of the ESP
- Categorization of proposed project
- > ESIA, ESMP
- > Grievance mechanism





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: <u>call</u> <u>extended beyond pilot</u>
- First regional project approved in March 2017





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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
- 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 syvoto 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 2016.

Report date: 21 August 2015



Adaptation Fund timeline to serve the Paris Agreement

2015:

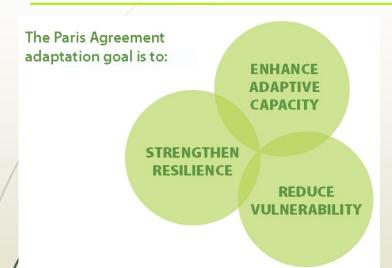
 Decision 1/CP.21 adopting the Paris Agreement: the Adaptation Fund may serve the Agreement, subject to relevant decisions by the CMP (Kyoto Protocol parties' meeting) and the CMA (Paris Agreement parties' meeting)
 -> roadmap

201/6:

- 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



➤ 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 ALLOC ATED

US\$417 million

to 63 concrete adaptation projects/programmes in 53 countries, including 12 SIDS and 15 LDCs,



5.38 million

DIRECT BENEFICIARIES in the mostvulnerable communities indeveloping countries.



projects of up to
US\$10 million



GROWING DEMAND: record number of proposals



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.



SWIFT PROJEC T REVIEW CYCLE:

in as little as nine weeks



CAPACITY BUILDING:

readiness programme supports 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.



GOVERNANCE:

fully established and positively reviewed policies and guidelines



SUCCESSFUL TR ACK RECORD

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



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.





www.adaptation-fund.org/ @adaptationfund

