

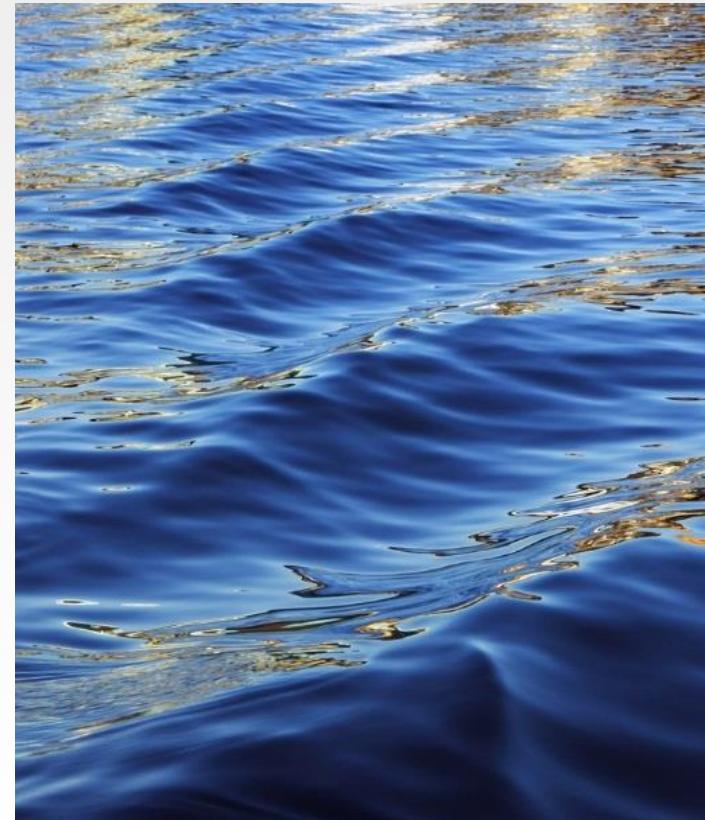


ADAPTATION FUND

Adaptation Fund Status Update

The Caribbean Regional Workshop
for enhancing knowledge of the AF
Project development process and
project cycle

Wilkey, Barbados, 24-25 October 2017



Outline of Presentation

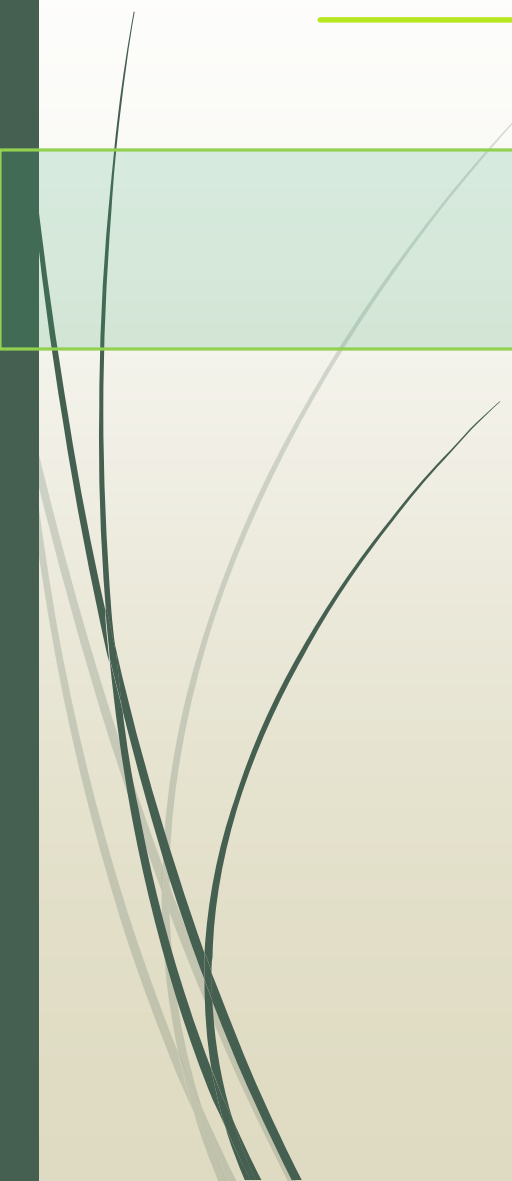




- Background of the Adaptation Fund and current status of operations
- Recent developments in the Fund to further enhance its effectiveness
- Adaptation Fund in the larger adaptation finance landscape

Outline of Presentation



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- 

Adaptation Fund increases resilience through concrete adaptation projects

- **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 half a billion dollars in resources. **US\$ 198 million came from CER proceeds and US\$ 442 million from developed countries' contributions.**

The resources allocated so far amount to **US\$ 462 million in 73 countries, of which 28 are LDCs and 16 SIDS.**

The Adaptation Fund currently funds 70 concrete, localized adaptation and resilience projects in 60 vulnerable countries with **ca. 6 million direct beneficiaries**. Its projects are effective, flexible and scalable, and can be replicated in other communities.

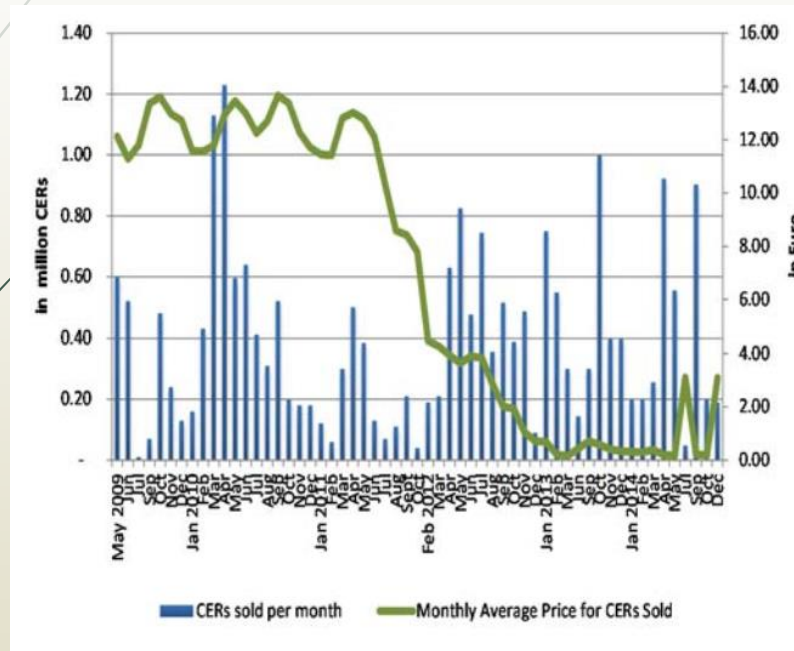
Since 2010 the Fund has approved US\$ 462 million for 72 countries



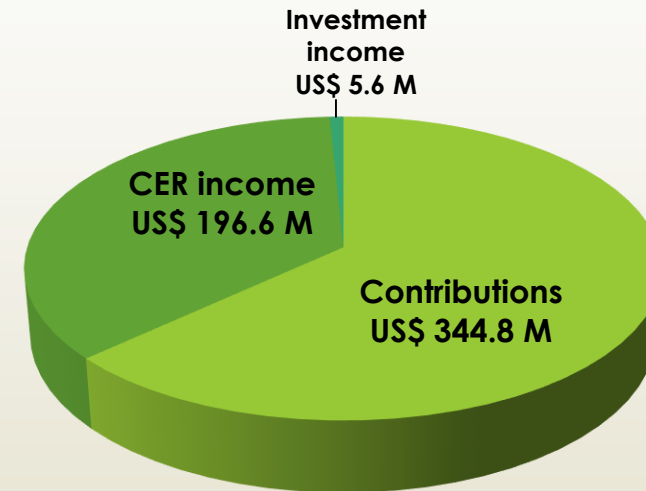
📍 Projects 📍 Readiness Grants

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

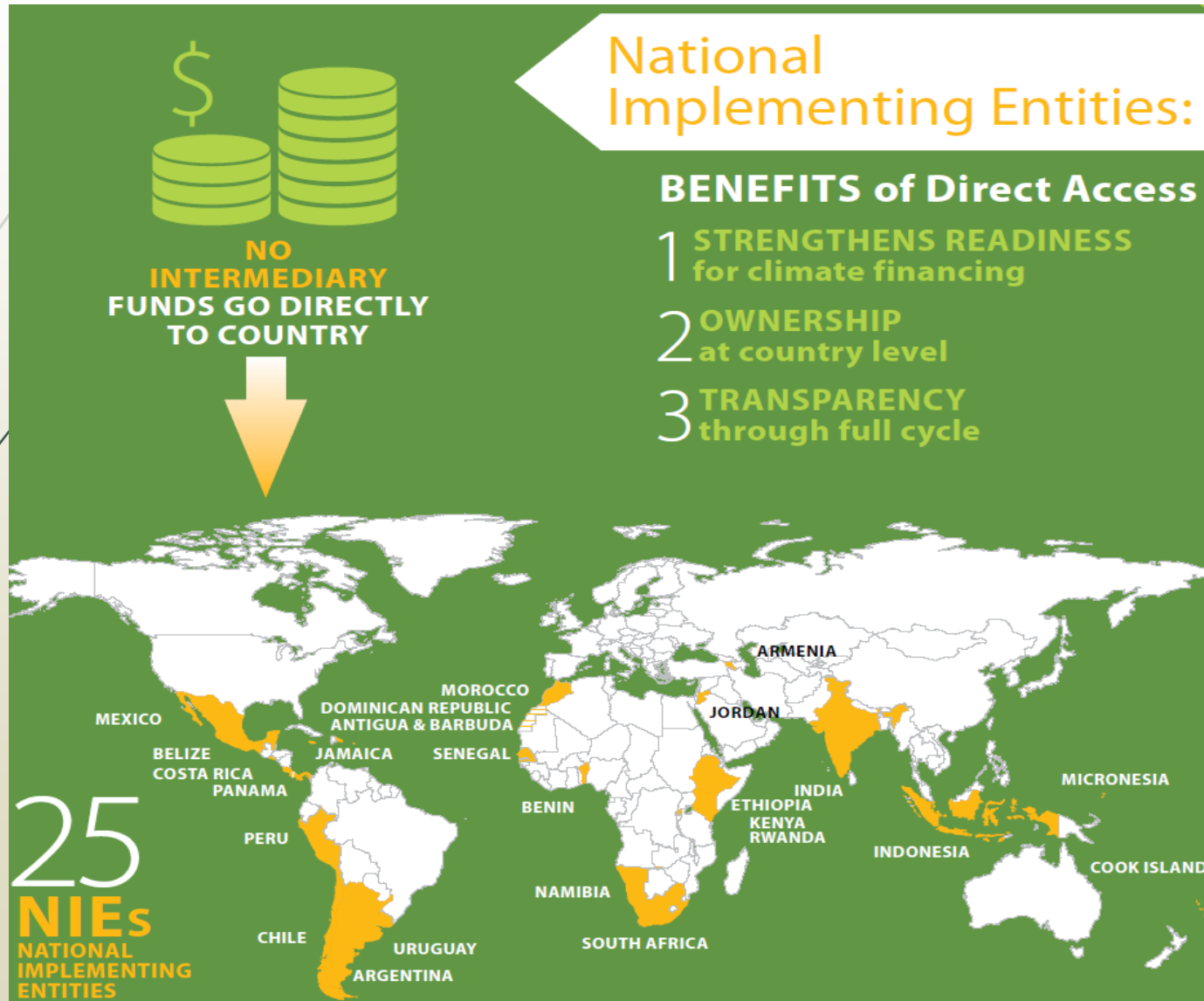
2015: US\$ 75.8 M / US\$ 80 M

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

Active pipeline of projects:

US\$ 251 M (as September 2017)

The number of direct access entities is increasing



44 Implementing Entities

- 26 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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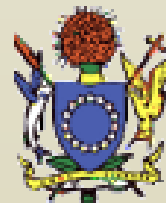
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Streamlined accreditation process (smaller entities)

- 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 and Ministry of Finance and Economic Management of Cook Islands



MICRONESIA
CONSERVATION TRUST



**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



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

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
- 3 projects approved, 13 pre-/concepts endorsed
- **October 2016: call extended beyond pilot**



Medium-term Strategy: approved in October 2017

- Fund's purpose is aligned with goal of Paris Agreement, SDG 13
- Fund has delivered:
 - concrete **action**,
 - **innovative** approaches to climate finance
 - valuable **learning**
- Inclusion of new pillars into concrete projects + targeted support



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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

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



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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.
- In October 2017 - the AF Board decided to go forward with starting a process towards accreditation – in order to work directly with the GCF
- The secretariats of the AF and GCF working directly

Roadmap for the AF to serve the PA

- **Paris (2015):** The Adaptation Fund **may** serve the Paris Agreement
- **Marrakech (2016):** The Adaptation Fund **should** serve the Paris Agreement

COP22 requested the Ad Hoc Working Group (APA) prepare a recommendation to the CMP by CMP15

APA 1-2 will initiate the necessary preparatory work on the issue of the AF serving the PA, to prepare a recommendation to the CMP

CMA1 to consider the issue of the AF serving the Paris Agreement

- **Getting to “shall” (2017 or 2018):**
 - *governance and institutional arrangements*
 - *safeguards*
 - *operating modalities*



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www.adaptation-fund.org/
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