



## **ADAPTATION FUND**

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

Nairobi, 4 April 2018



# Experience on funding Climate Adaptation

Since inception, the Fund has mobilized 725 million US dollars in resources. US\$ 199 million came from CER proceeds and US\$ 513 million from developed countries' contributions.

The resources allocated so far amount to US\$ 476 million in 77 countries, of which 28 are LDCs and 19 SIDS.

The Adaptation Fund currently funds 73 concrete, localized adaptation and resilience projects in 59 vulnerable countries with ca. 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\$ 476 million for 77 countries



 Projects  Readiness Grants

- Projects under development (December 2017):
  - 21 country project totaling US\$ 101.0 million
  - 16 regional projects totaling US\$ 149.9 million

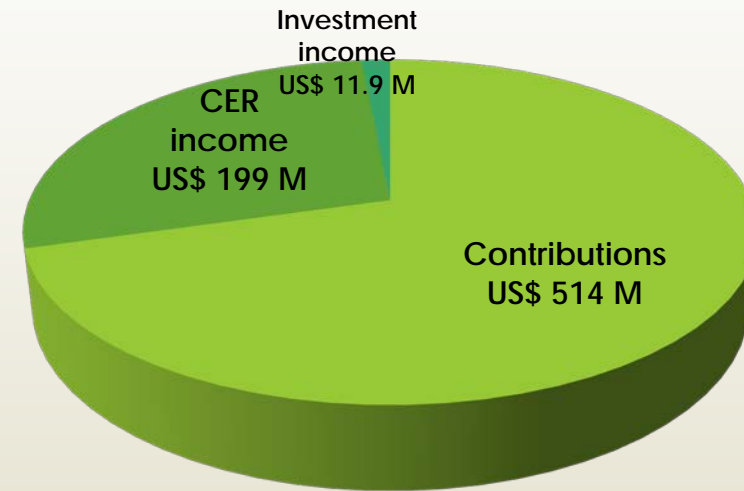
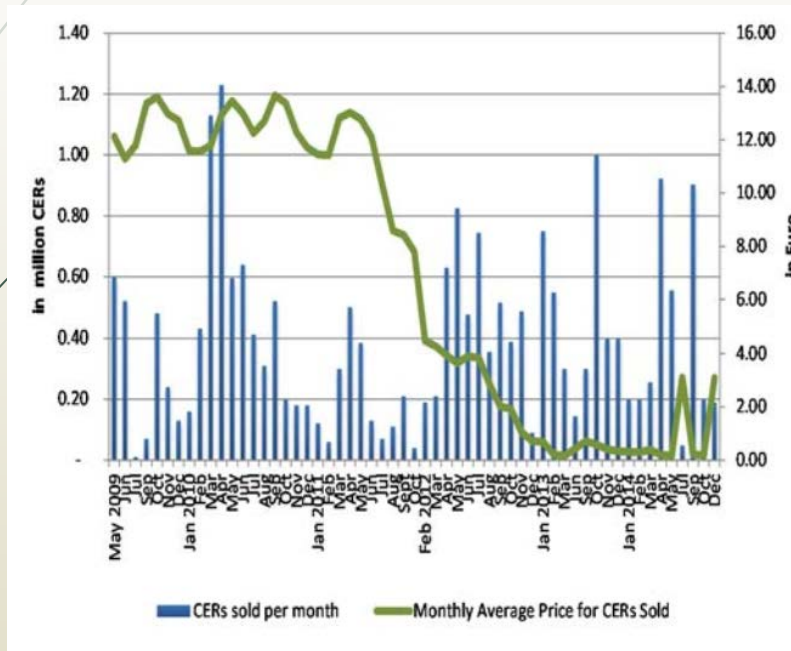


# The Fund's main revenue source is CER sales but the collapse of carbon markets means new resources are needed

CER prices have collapsed



Contributions now the main source of funds



Projects and programmes under development:  
US\$ 251 M

Resource mobilization 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\$eq. 95 M / US\$ 80 M
2018:	US\$ 0.0 M / US\$ 90 M

# The number of direct access entities is increasing



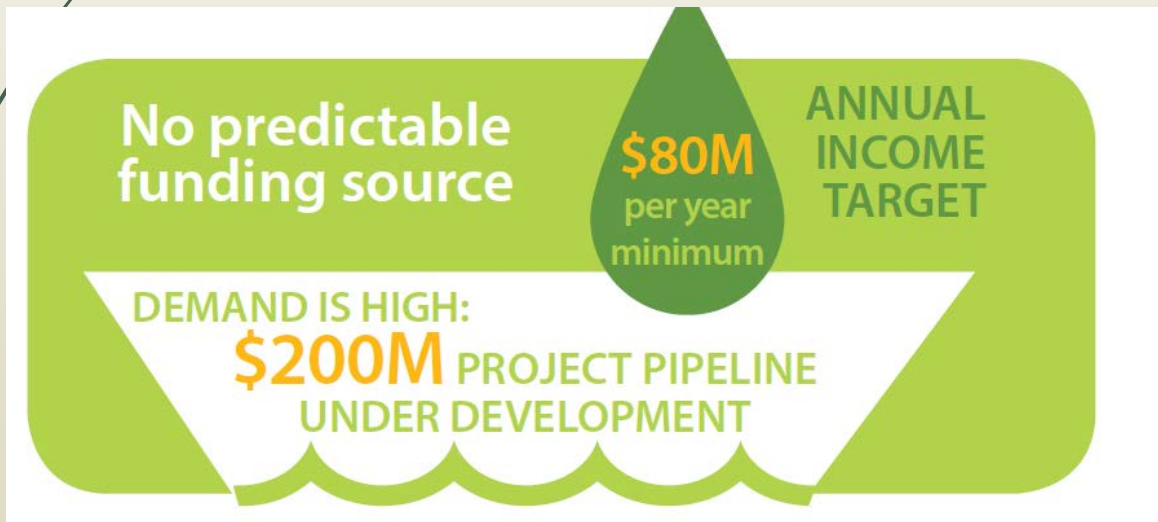
## 46 Implementing Entities

- 28 NIEs (46% LDCs, SIDS)
- 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

# AF ALREADY CONTRIBUTES TO THE ADAPTATION OBJECTIVE OF THE PARIS AGREEMENT

The Adaptation Fund is already contributing to the adaptation objectives of the Paris Agreement and to the implementation of adaptation actions included in the NDCs of developing countries by financing its portfolio of concrete adaptation projects and programmes.



**DELIVERING**

replicable and scalable  
projects of up to

**US\$10 million**



**GROWING DEMAND:**

**record number of project and programme proposals received** from vulnerable developing countries in 2015 and 2016, with particularly large increases in proposals from national and regional implementing entities.

# ADDED VALUE OF AF SERVING THE PARIS AGREEMENT



Achieving the PA goal of balancing funding for adaptation and mitigation in developing countries



Article 9.4: Financing Adaptation must take into account national strategies and priorities of the most vulnerable countries with capacity constraints, such as LDCs and SIDS



The Agreement attributes to adaptation a share of the proceeds of the Sustainable Development Mechanism it has established (Articles 6.4 and 6.6). This may be a market mechanism similar to the clean development mechanism.



## SUCCESSFUL TRACK 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 “fast track” accreditation of Adaptation Fund accredited implementing entities to accredit 12 out of 13 National Implementing Entities to date.

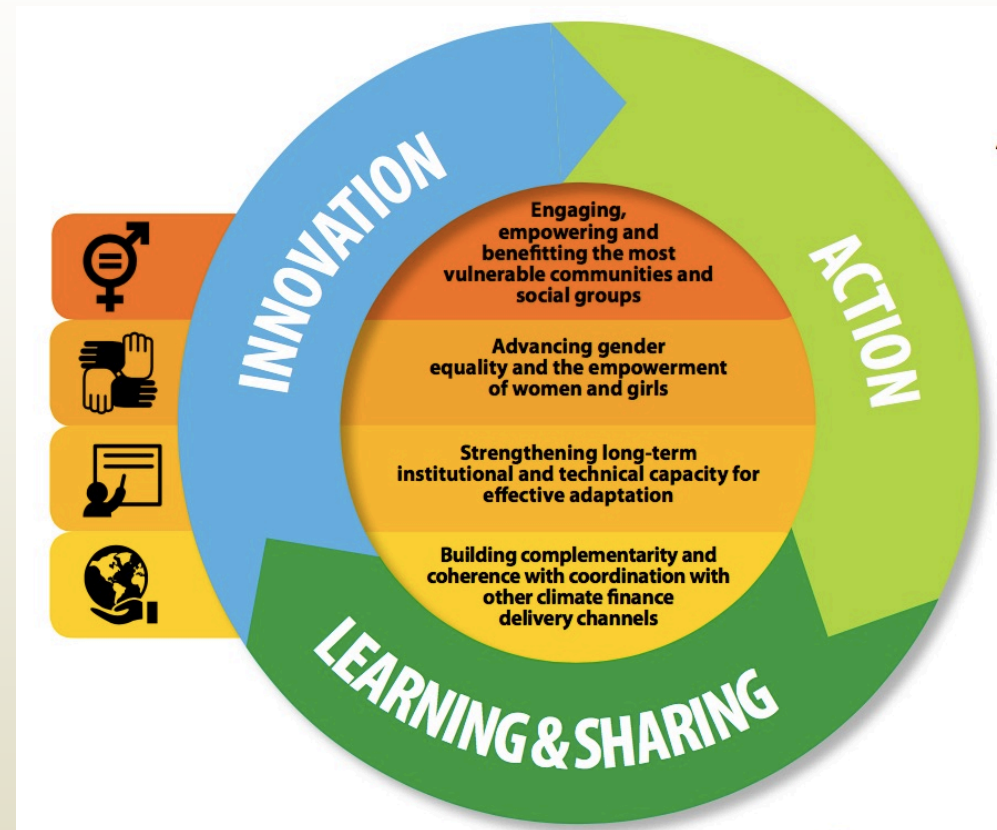
# Roadmap of the AF contributing to the implementation of the Paris Agreement

- **Paris (2015):** (COP 21, CMP11) The Adaptation Fund **may** serve Paris Agreement
- **Marrakech (2016):** (CMA 1) The Adaptation Fund **should** serve the Paris Agreement
- **Bonn (2017):** (CMP 13) The Adaptation Fund **shall** serve the Paris Agreement
- **2018:** Ad Hoc Working Group on the Paris Agreement undertakes the necessary preparatory work to address
  - Governance and institutional arrangements,
  - Environmental and social safeguards
  - Operating modalities, including sources of funding

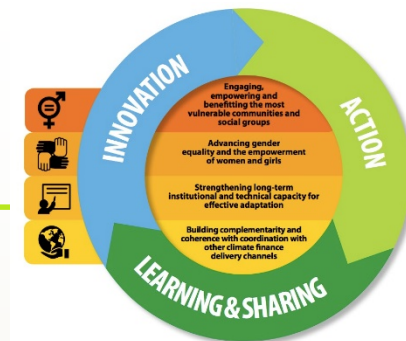


## Medium-term Strategy (MTS): approved in October 2017

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



# MTS Implementation Plan: approved in March 2018

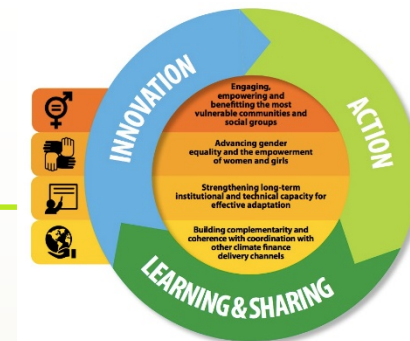


In addition to existing ones, new funding modalities:

- “Action”
  - Window for “enhanced direct access”: US\$ 20 M per year (>10 grants)
  - Scale-up microgrants: US\$ 200,000 per year (10 grants)
- “Innovation”
  - Large grants (<US\$ 5 M) for rolling out, scaling up innovation: US\$ 90 M over 5 years (>18 grants)
  - Micro-grants (<US\$ 250 k) for encouraging new innovation, creating evidence base: US\$ 16 M over 5 years (>64 grants)
- “Learning and sharing”
  - South-South learning microgrants (<US\$ 150 K) for sharing practices, lessons (ca. 15 grants)



# MTS Implementation Plan: approved in March 2018



New resources and assistance:

- Action:
  - “Community of Practice” for NIEs: online platform, workshop
  - Country exchanges for NIEs
- Learning and sharing:
  - Publications showcasing best practice / case studies
  - Showcasing best practice on direct access
  - Lessons learned from accreditation, reaccreditation
  - Knowledge Management toolkit for lessons learned
  - Knowledge Management toolkit for RBM
  - E-learning course on accreditation



# Evaluation: Phase I (2014-2015) – systems

- **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



ADAPTATION FUND

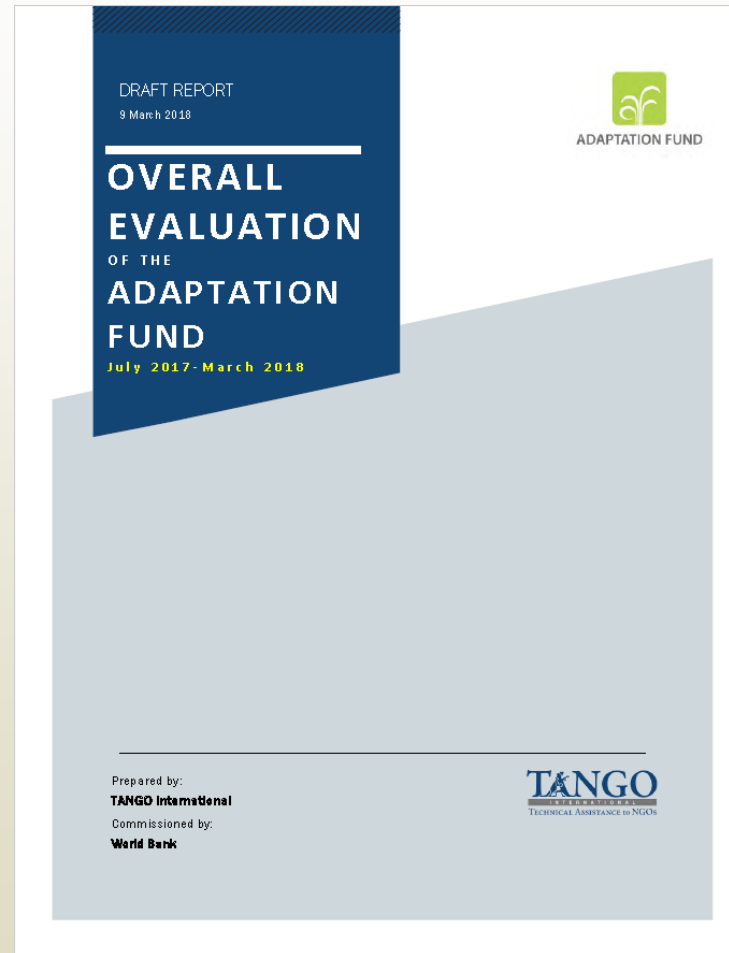




# Evaluation: Phase II (2017-2018) – portfolio

## Draft conclusions

- **Relevance:** AF portfolio is in alignment with mandate and strategic priorities
- **Effectiveness:** AF is making progress toward all seven outcome areas of the AF Strategic Results Framework. Projects have and do contribute to strengthening resilience at national and/or local levels
- **Efficiency:** AF is efficient in managing accreditation and project cycle processes
- **Results and sustainability:** AF has increased developing countries' access to adaptation finance. However, this is limited by the scale of financing available.



# Establishment of the AF evaluation function

- Adaptation Fund will establish an evaluation function through a Technical Evaluation Reference Group (TERG) to:
  - **Evaluate:** Independently commission the evaluation of the relevance, effectiveness, efficiency and sustainability of the Fund
    - overall operation
    - projects and programmes
    - implementing entities
  - **Advise:** Set minimum evaluation standards with the Fund
  - **Oversee:** Provide quality control of the minimum evaluation requirements
- Implementing entities will remain responsible for commissioning evaluations (MTE, TE) of their projects/programmes



Photos: UNDP Turkmenistan



# 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 US\$ 10 million
- AFB approved a modified accreditation process “fit for purpose” for small entities in April 2015
- First entities to benefit: Micronesia Conservation Trust, Ministry of Finance and Economic Management of Cook Islands, Environmental Project Implementation Unit, Armenia



**MICRONESIA**  
CONSERVATION TRUST



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





# Funding Window for Regional Activities

- Started as a pilot in 2015
- Since October 2016: regular part of the Fund's operation
- 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, 21 pre-/concepts endorsed







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