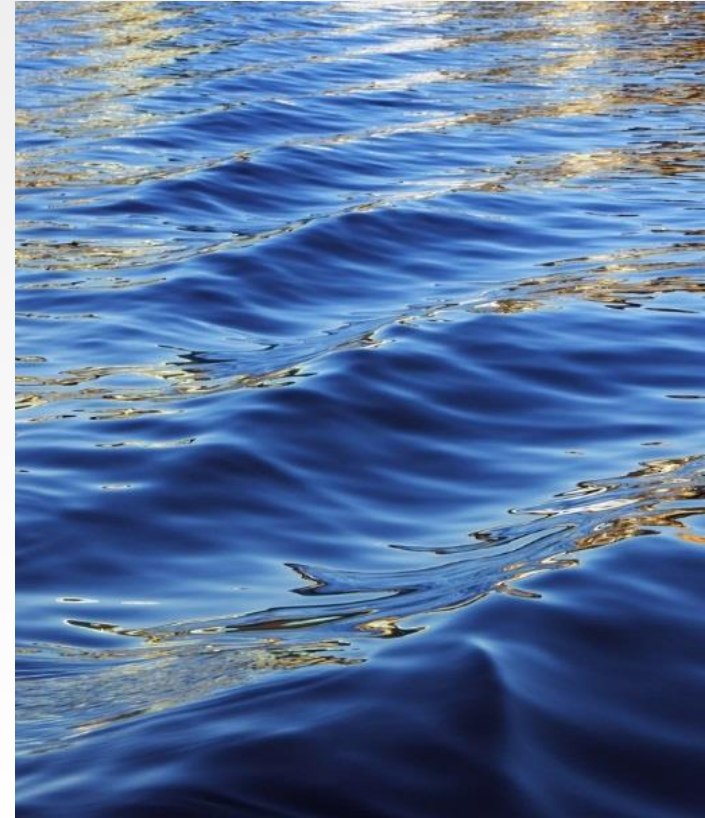




ADAPTATION FUND

Adaptation Fund: What is new in 2018-2019

6th NIE Seminar, 5 August 2019



Adaptation Fund experience on funding Climate Adaptation

Since inception, the Fund has mobilized 859 million US dollars in resources. US\$ 201 million came from CER proceeds and US\$ 658 million from contributions mostly from developed countries.

The resources allocated so far amount to US\$ 657 million in 87 countries, of which 30 are LDCs and 19 SIDS.

The Adaptation Fund currently funds 94 concrete, localized adaptation and resilience projects 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\$ 657 million for 87 countries



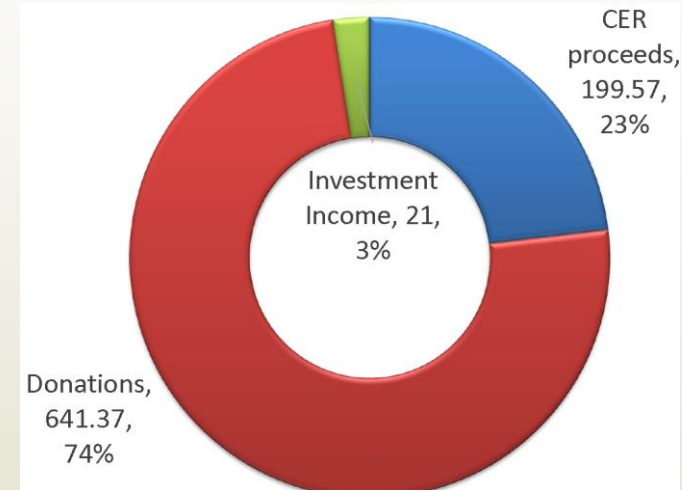
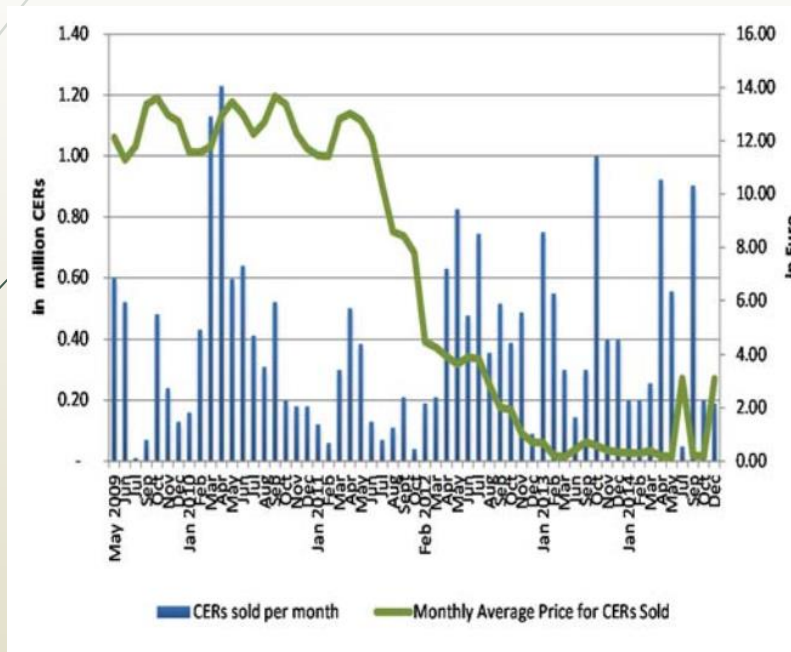
- Projects under development (June 2019):
 - 30 country projects totaling US\$ 190.2 million
 - 14 regional projects totaling US\$ 158.8 million

The Fund's original revenue source was CER sales but voluntary contributions have surpassed it since the collapse of carbon markets

CER prices have collapsed



Contributions now the main source of funds



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\$ 95.9 M / US\$ 80 M

2018: US\$ 129.0 M / US\$ 90 M

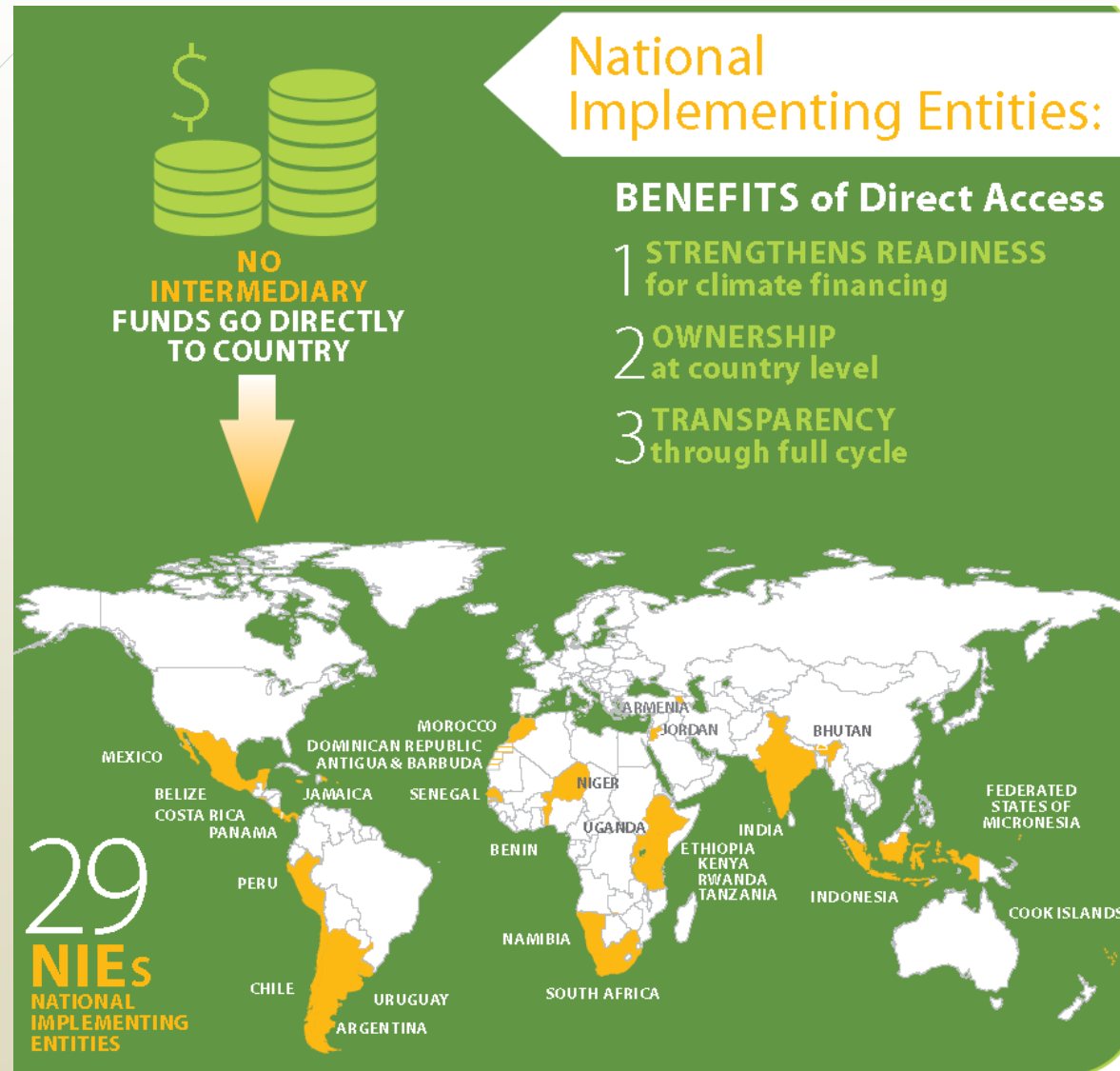
2019: US\$ 2.2 M / US\$ 90 M

Voluntary contributions from governments are the most substantial potential source of funding

- **Adaptation Fund resource mobilization strategy 2017-2020**
 - Focus on **governmental** contributions
 - Light-touch approach to foundations and private sector (opportunities, e.g. Visa Inc.)
 - National governments: continue to foster relations with existing and past funders; target new potential funders
 - Sub-national governments: raise visibility amongst networks and alliances of regions and cities, explore potential to mobilize further resources at sub-national level
- **“Donate button” implemented together with United Nations Foundation**



The number of NIEs is increasing



49 Implementing Entities

- 31 NIEs (48% 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

Since 1 January 2019, the Adaptation Fund has formally served the Paris Agreement

- **Paris (2015):** (COP 21, CMP11) The AF **may** serve Paris Agreement
- **Marrakech (2016):** (CMA 1) The AF **should** serve the Paris Agreement
- **Bonn (2017):** (CMP 13) The AF **shall** serve the Paris Agreement
- **Katowice (2018):** (CMP 14, CMA 1) The AF **shall** serve the Paris Agreement (PA) under the guidance of, and be accountable to, the CMA with respect to all matters relating to PA, **effective 1 January 2019**.
 - AF shall exclusively serve the PA once the share of proceeds under Article 6, para 4, of the PA becomes available.
 - AF continues to receive the SoP, if available, from activities under Articles 6, 12 and 17 of KP, and shall be financed from the SoP from the mechanism established by Article 6, paragraph 4, of the PA and from a variety of voluntary public and private sources
 - CMP requested the SBI, at its fiftieth session (June 2019), to consider the eligibility for membership on the Board, and to forward a recommendation to the CMP 15 in December 2019

Work mandated to the AF Board in 2019

Decision 1/CMP.14

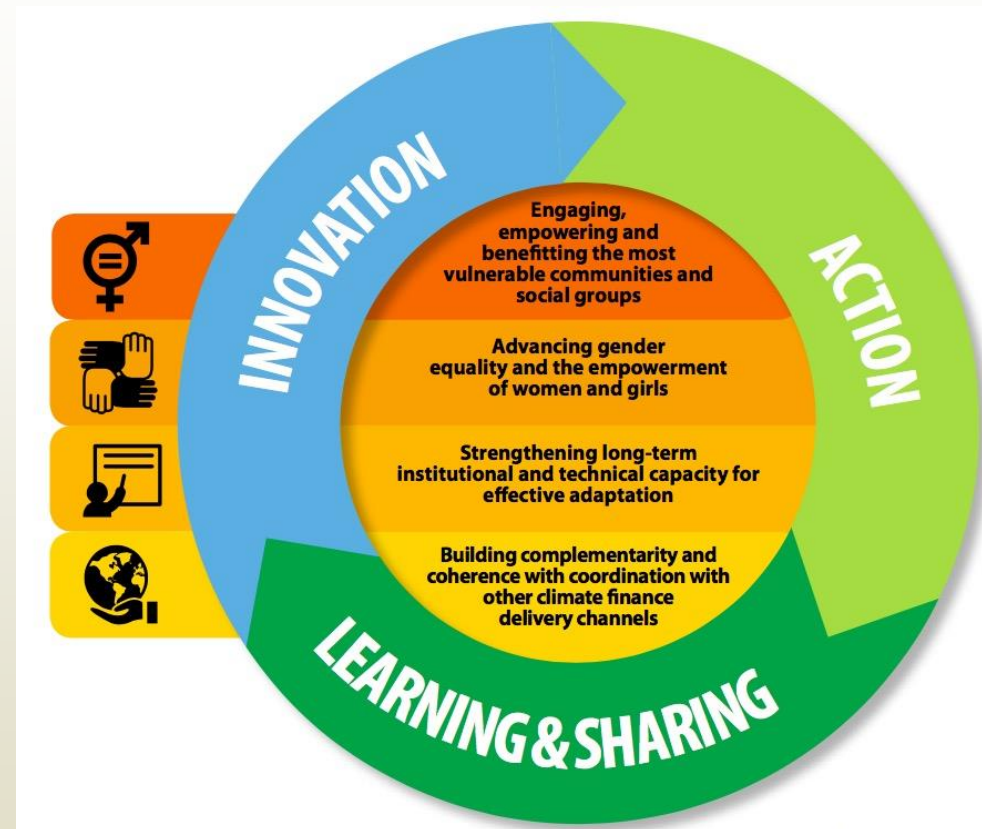
- *CMP requested the Adaptation Fund Board:*
 - **to consider**
 - *the rules of procedure of the Board,*
 - *the arrangements of the Adaptation Fund with respect to the Paris Agreement and*
 - *any other matter so as to ensure the Adaptation Fund serves the Paris Agreement smoothly;*
 - **to consider** *the implications of the Adaptation Fund receiving the share of proceeds from activities under Articles 6, 12 and 17 of the Kyoto Protocol when the Adaptation Fund serves the Paris Agreement; and*
 - **to make recommendations to the CMP** *at its fifteenth session with a view to the recommendations being forwarded to the CMA for consideration at its second session (December 2019).*

Work undertaken by the AF Board and secretariat in 2019 following Decision 1/CMP.14

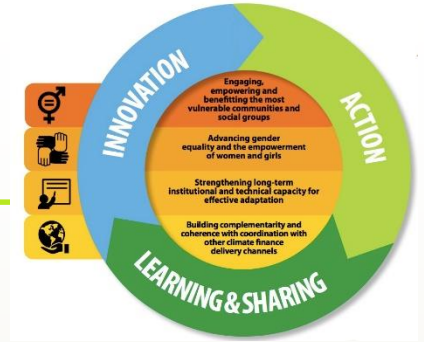
- The Board will include its consideration and recommendation on the matters to its report to the CMP (Santiago, Chile, December 2019)
- Preparatory work done by the secretariat guided by AFB task force
- The secretariat consulting with UNFCCC secretariat, trustee and GEF
- Additional Board meeting held in June 2019 – interim conclusions:
 - Nothing in the Fund's arrangements needs to be urgently changed for the transitional period (serving both KP and PA)
 - The secretariat and trustee arrangements can be extended for the transitional period
 - During the transitional period, develop arrangements for the post-transitional period (exclusively serving PA)

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



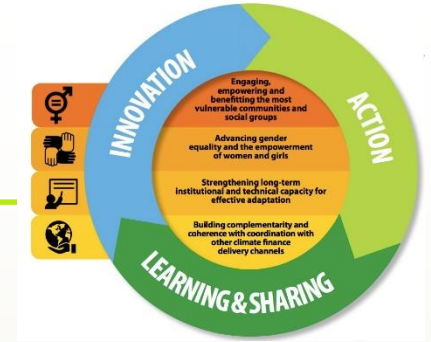
Medium-term Strategy (MTS): objectives



- “Action”
 - Objective: Support the design & implementation of high-quality projects
 - Outputs: High-quality capacity developed in client countries; pipeline of scalable projects; and reduced vulnerability
- “Innovation”
 - Objective: Champion innovative approaches to adaptation (by others)
 - Outputs: Innovative projects replicated in new countries; innovative practices, products & tech scaled-up
- “Learning and sharing”
 - Objective: Generate knowledge & communicate practical lessons from operational processes, projects & innovation portfolio
 - Outputs: Practical lessons from projects; specific knowledge on impact themes; stronger capacity for adaptation-related learning in client countries



MTS Implementation Plan: approved in March 2018

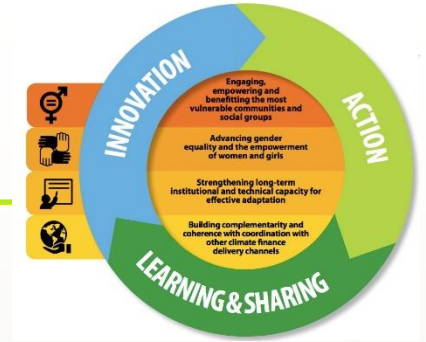


In addition to existing ones, new funding modalities:

- “Action”
 - Window for “enhanced direct access”: US\$ 20 M per year (>10 grants): to be considered by the AFB in October 2019
 - Scale-up microgrants: US\$ 200,000 per year (10 grants): call open
- “Innovation”
 - Large grants (<US\$ 5 M) for rolling out, scaling up innovation: US\$ 90 M over 5 years (>18 grants): to be launched in FY20
 - Micro-grants (<US\$ 250 k) for encouraging new innovation, creating evidence base: US\$ 16 M over 5 years (>64 grants):
For NIEs, call open; for non-NIE countries, use of aggregators (FY20)
- “Learning and sharing”
 - South-South learning microgrants (<US\$ 150 K) for sharing practices, lessons (ca. 15 grants): call open



MTS Implementation Plan: approved in March 2018



New resources and assistance:

➤ Action:

- Board to consider lifting the US\$ 10 M “country cap” in Oct 2019
- “Community of Practice” for NIEs: workshops, online collaboration
- Country exchanges for NIEs: annually, first in May 2019

➤ Learning and sharing:

- Publications showcasing best practice / case studies
- Showcasing best practice on direct access
- Lessons learned from accreditation, reaccreditation: August 2019
- Knowledge Management toolkit for lessons learned
- Knowledge Management toolkit for RBM: in FY20
- E-learning course on accreditation: Aug-Sep 2019





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