



ADAPTATION FUND

AFB/B.35a-35b/24

9 October 2020

Adaptation Fund Board

**PROGRAMME CONCEPT FOR POTENTIAL CONTRIBUTIONS
FROM PRIVATE SOURCES DEVELOPED BY BVRIO
INSTITUTE AND OXFORD CLIMATE POLICY:
OUTCOME OF THE RESEARCH PHASE**

Introduction

1. In August 2019, the Adaptation Fund Board Secretariat (the secretariat) had received a resource mobilization concept developed by BVRio Institute and Oxford Climate Policy, with a purpose of mobilizing resources for the Adaptation Fund (the Fund), and in line with decision B.32/40, subparagraph (b), had engaged with the Resource Mobilization Task Force in reviewing opportunities and risks related to the concept developed by BVRio Institute and Oxford Climate Policy and the secretariat's preliminary assessment of the Research Phase of the concept for the Corporate Air Passenger Solidarity (CAPS) Programme as contained in document AFB/B.33-34/12/Add.1. The Resource Mobilization Task Force was invited to consider the Research phase of the CAPS proposal, and provide, as necessary, guidance to the secretariat on the opportunities and risks related to the concept. Based on the guidance received from the Task Force, the secretariat had integrated the guidance into document AFB/B.33-34/12 and presented it to the Board for its intersessional consideration and decision.

2. The Adaptation Fund Board (the Board), during the intersessional period between the its thirty-third and thirty- fourth meetings, having considered the information and the recommendation by the Resource Mobilization Task Force contained in document AFB/B.33-34/12 and document AFB/B.33-34/Add.1, decided to:

- a) *Approve the engagement of the Fund in the 'Research Phase' of the "Corporate Air Passenger Solidarity (CAPS)" proposal contained in document AFB/B.33-34/12/Add.1; and*
- b) *Request the secretariat:*
 - i. *to communicate the subparagraph a) of this decision, upon the approval of the Board, to BVRio Institute and Oxford Climate Policy referred to in subparagraph a); and*
 - ii. *to review, in consultation with the Resource Mobilization Task Force, the outcome of the Research Phase in view of the Fund's potential engagement in the 'Development Phase' and the 'Campaign Phase' of the CAPS Proposal.*

(Decision B.33-34/33)

Outcome of the Research Phase

3. In January 2020, the authors of the CAPS proposal – BVRio Institute and Oxford Climate Policy – have provided the secretariat with the outcome of the Research Phase included in a document titled: *"Corporate Air Passenger Solidarity Programme (CAPS Programme) Feasibility Report"* of which only the section titled *"Mark 1"* is relevant for the purpose of this document and has been reported in Annex 1. That document was initially provided as an interim submission, and its authors suggested that it not be considered final. However, later the authors specified that the document was final with regard to the section titled *"Mark 1"* and could be reviewed. In line with decision B.32/40, subparagraph (b), the secretariat reviewed the report. The review found that conclusion of the report is that the CAPS proposal originally presented to the Board is not feasible. In particular the report highlights that: *"While the involvement of the AF in the CAPS*

initiative proved to be not only feasible but actively supported by the AF, the proposed marketing concept, targeting a 'mass market' of corporates through the channels used to market carbon offsets proved to be unviable. In short, the scheme proposed in the original CAPS programme proposal is, at present, not feasible, needing adjustments on its concept and partners/sales channels".

4. Based on the review, the secretariat has consulted the authors of the CAPS proposal and has been informed that the authors would be keen to explore developing other options for resource mobilization to benefit the Adaptation Fund. As such options would be different from the one referred to in decision B.33-34/33, the secretariat, having consulted the Resource Mobilization Task Force, recommends that the Board take note of the fact that the CAPS proposal is not feasible. The Board may also decide to request the secretariat to continue engaging with the authors of the CAPS proposal on possible, other options for resource mobilization.

Draft Recommendation

5. The Adaptation Fund Board (the Board), having considered the information and the recommendation by the Resource Mobilization Task Force contained in document AFB/B.35a-35b/24 may want to:

- a) take note of the report on the Research phase of the CAPS proposal and the fact that it had been found to be "not feasible";
- b) request the secretariat to engage with the authors of the CAPS proposal on possible, other options for the implementation of the CAPS in order to facilitate, through provision of information, the development of a new concept that the authors could submit to the Fund, to be reviewed by the secretariat and the Resource Mobilization Task Force.

Decision B.35a-35b/X

CAPS ‘Mark One’

1. The Mk1 Concept

In October 2018, OCAd was relaunched as the *Corporate Air Passenger Solidarity (CAPS) Programme*: a socially responsible air travel scheme to attract private sector contributions to the Adaptation Fund’ in the form of a project brochure (‘the [CAPS Brochure](#)’).

Following the OCAd conclusions, the CAPS project was aiming to obtain a contribution corresponding to one percent of corporate air travel expenses, ‘which corresponds roughly to the cost of an offsetting scheme’, to the Adaptation Fund. It was planned to initially involve two phases.

In the initial Research Phase, input for the development phase was to be collected through workshops and structured interviews from corporations, marketing partners, associations – such as [Atmosfair](#), [The 1% pledge](#), [CDP](#), [GRI](#), [We Mean Business](#), [Carbon Price Leadership Coalition](#), [GBTA Sustainability Self-Assessment Tool](#). An initial feasibility assessment will be carried out on the basis of the feed-back obtained on whether to proceed to the second phase of the programme.

The second Phase was to develop a web-based CAPS Platform and of a campaign plan for the subsequent Pilot Phase. This CAPS Platform was to integrate a new area on the [Adaptation Fund website](#) dedicated to collect CAPS-Donations and an independent website for the CAPS Partnership (see Figure 1 below), to allow CAPS Partners to showcase their commitment and to attract new corporate Partners. It was to be modelled on platforms used to sell carbon offsets (such as [Climate Neutral Now](#)).

The overall idea, in line with the concept previously developed under the OCAd guise, was one of mass-marketing involving ‘originators and aggregators who are already working with

corporations, many times participating on the development of mitigation programs.’ In short it was envisaged to use carbon offset sales teams to offer solidarity contributions for a fee as an alternative to offsetting in the context of corporate air travel.

2. Feasibility Assessment

This assessment is based on insights gained at a Stakeholder Workshop held in London on 7 March 2019, and Market research carried out by BVRio during the second half of 2019 (see separate Progress Reports submitted April 2019 and January 2020)

A key question in assessing the feasibility of the CAPS Mk.1 scheme is whether the different stakeholders required for the scheme to work, namely: the Adaptation Fund as well as the envisaged multipliers and target corporate clientele, would be willing to participate in the manner envisaged in the scheme, and if so, under what conditions.

a. Adaptation Fund

The *OCAf* Brochure stated that it ‘would be very useful if the *OCAf* Initiative could get some endorsement by the AF Board, and support from the Secretariat to take this forward.’

OCP contacted the AF Secretariat in that respect, who consulted the AF Board Resource Mobilization Task Force. On 28 August, the AF Board decided ([Decision B.33-34/33](#)) to

- ‘approve the engagement of the Fund in the “Research Phase” of the “Corporate Air Passenger Solidarity (CAPS)” proposal’ and
- ‘to review, in consultation with the Resource Mobilization Task Force, the outcome of the Research Phase in view of the Fund’s potential engagement in the ‘Development Phase’ and the ‘Campaign Phase’ of the CAPS Proposal.’

Figure 1 graphically represents the changes that we envisage ought to be undertaken by the AF Secretariat, in collaboration with the UN Foundation, which manages the AF Donate button, for the CAPS initiative.

The proposal represented in Fig. 1 was submitted to the AF Secretariat, who subsequently consulted the UN Foundation and agreed the proposal is feasible. OCP had a meeting in Madrid with our contact in the AF Secretariat, who inquired as to when we would be able to share with them the Phase 1 Feasibility Report, as they are keen to review it in view of an engagement in the next phase of the project.

The market research revealed that the Adaptation Fund was known by just under 50% of the interviewees, which less than half of them indicating that they knew it as an efficient and a good vehicle for implementing adaptation projects. Any marketing strategy for CAPS will therefore have to involve significant awareness raising among the target corporates of the Adaptation Fund and its achievements.

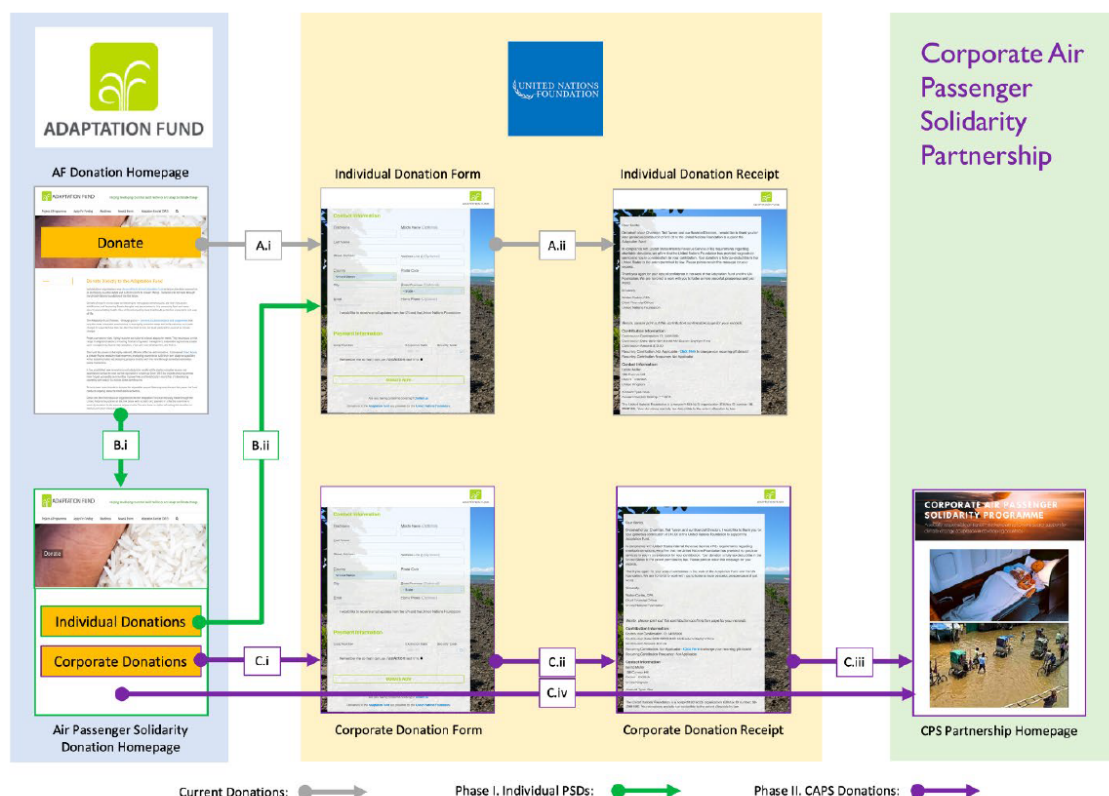


Figure 1. Adaptation Fund Donate Button and CAPS Proposal¹

¹ Legend:

A. Current Donations

- A click on the Donate button of the AF Donation Homepage opens the Individual Donation Form (in the UNF website). NB. This form already contains a section to collect contact information.
- A click on the 'Donate Now' button opens an Individual Donation Receipt page.

B. Phase I: Passenger Solidarity Donations (independent of the Corporate Passenger Solidarity Partnership)

- A hyperlink from the AF Donate Homepage opens the Passenger Solidarity Donation Homepage (on the AF Website). This page is used to explain the idea behind PSDs (with a link to the original Brochure)
- A donate button opens the original Individual Donation Form on the UNF website, and the donation process is the same as the one from the AF donation Homepage.

C. Phase II: Corporate Passenger Solidarity Donation (once the CPSP website is established)

- A Corporate Donation button opens a new Corporate Donation form on the UNF website which is to be designed (in collaboration with the CPS Partnership) to suit CPSDs
- A click on the 'Donate Now' button opens a new tailored Corporate Donation Receipt page.
- A hyperlink on the Corporate Donation Receipt page opens the CPS Partnership Home Page
- The CPS Partnership Home Page is also accessible through a hyperlink on the Passenger Solidarity Donation Homepage.

b. Multipliers and Corporate Target Clientele

The target clients of the CAPS initiative were corporations aware of climate change, and in particular those that have demonstrated awareness of the climate change impacts of air travel through offsetting their corporate travel. The stakeholder workshop and the formal and informal interviews carried out during the research phase of the CAPS project revealed a number of important points regarding the target clientele.

Climate change measures are being adopted by the private sector for a number of reasons. Arguably the most persuasive one is ‘narrow self-interest’ where the measures in question have a direct impact on profitability, such as energy cost savings.

However, the purchase of carbon offsets generally cannot be motivated in terms of such narrow self-interests. This is why offsets are often purchased as part of CSR activities and involve signing up to some wider initiative, such as the [Climate Neutral Now](#) partnership of the UNFCCC Secretariat. These net-zero initiatives have been relatively successful, but it has not been easy, particularly in cases where signing up to a net-zero carbon footprint would mean additional costs, such as the purchase of carbon offsets.

With hindsight, it is thus not surprising that both the envisaged multipliers (i.e. carbon offset providers) and their client contacts in the target corporations (the people in charge of decarbonisation) have turned out to regard the CAPS scheme at best as an unhelpful distraction from their core-business, namely to reduce corporate emissions. Indeed, one of the interviewed potential multipliers rejected the CAPS proposal because it would provide corporates a way of ‘buying their way out’ from undertaking the necessary mitigation action.

The need for adaptation to adverse effects of climate change is slowly being recognised, but only in the context of narrowly self-interested ‘climate proofing’ of production facilities. This can involve adaptation spending in developing countries, as part of the chain of production. And there were suggestions that companies might be willing to join the CAPS scheme, if the funding provided to the AF could be channelled to the countries/communities where they are active. However, given that the AF does not allow for earmarking of government contributions, it is highly unlikely that this would be possible for private sector contributions.

Market Research revealed a number of features that would help to persuade the target clientele to participate in the scheme:

- availability of communication material (e.g. certificates, usage of Adaptation Fund logo for communication purposes, reporting on impacts, pictures for reporting;
- financial and economic motivations (e.g. tax breaks, reduction in general management services and overheads);
- knowledge management (e.g. access to special reports, access to workshops).

It also revealed that funding for a scheme like CAPS would most likely come from Sustainability/CSR and Finance departments, as opposed from say corporate philanthropy.

c. Conclusion

While the involvement of the AF in the CAPS initiative proved to be not only feasible but actively supported by the AF, the proposed marketing concept, targeting a ‘mass market’ of corporates through the channels used to market carbon offsets proved to be unviable. In short, the scheme proposed in the original CAPS programme proposal is, at present, *not* feasible, needing adjustments on its concept and partners/sales channels.