

# Programming at the Adaptation Fund

**2023 ANNUAL NIE SEMINAR FOR ACCREDITED NIE**  
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**ADAPTATION FUND**

Helping developing countries build resilience and adapt to climate change

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## ***SESSION 3: ACCESSING FUNDING FOR ADAPTATION PROJECTS AND PROGRAMMES***



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# Adaptation Fund at a glance

Established in 2001 and operationalized in 2007 under the Kyoto Protocol & since 2019 serving the Paris Agreement

Over US\$ 1 billion allocated to 155 concrete, localized adaptation projects

Pioneered Direct Access modality with majority of Implementing Entities being NIEs

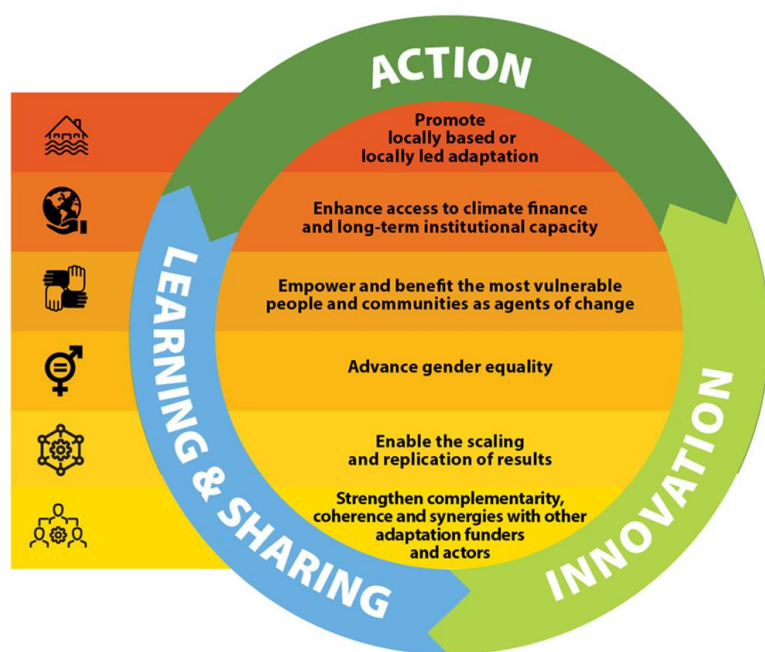
All developing countries that are Parties to the KP or PA are eligible to access funding

Country-driven and simplified access processes



AF project in Armenia diversification of livelihoods (fruit dryers), implemented by Environmental Project Implementation Unit (EPIU). (C) EPIU

# Medium-Term Strategy from 2023 to 2027: Mandate – Mission – Strategic Priorities



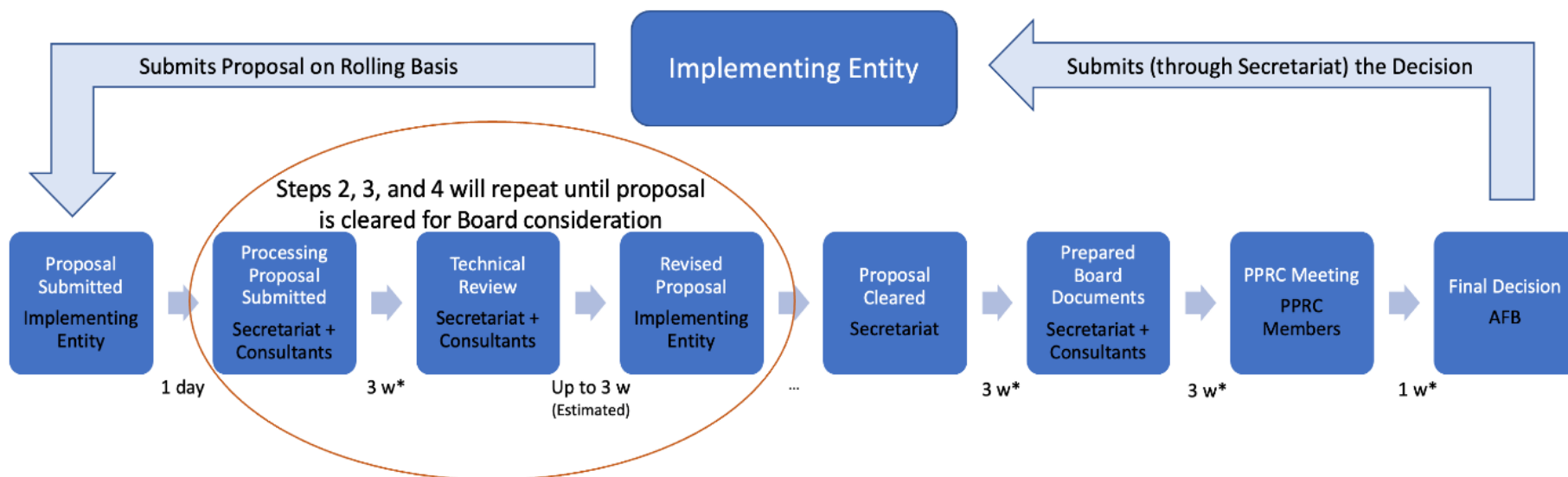
## • MANDATE

- Finance concrete adaptation projects and programmes that are country driven and based on the needs, views and priorities of developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting the cost of adaptation

## • MISSION

- The Adaptation Fund serves the Paris Agreement by **accelerating effective adaptation action and efficient access to finance, including through direct access**, to respond to the urgent needs and priorities of developing countries. The Fund does so by supporting country-driven adaptation projects and programmes, innovation, and learning with concrete results at the local level that can be scaled up.

# Submission review process for all windows (from afb41 onwards)




- Decision Points:

- Board meeting in Spring
- Board meeting in Autumn

\* **Business standards (i.e., no. of weeks indicated above)**



## Adaptation Fund Funding Windows (1/3)

 <b>ACTION</b>	FUNDING TYPE		Accredited Entity Type	Maximum Funding Amount per Project/Program
	<b>Single Country:</b> For addressing climate change impacts in one country through tangible outcomes		NIE, RIE, MIE	USD 10 Million per Project/Programme*
	<b>Regional:</b> For addressing climate change impacts in 2+ countries in the same United Nations region, or adjacent regions, through tangible outcomes		RIE, MIE	USD 14 Million per Project/Programme (excluding the PFG)**
	<b>Enhanced Direct Access:</b> Supports bottom-up approaches through local knowledge and locally led action. Project selection occurs at national/sub-national levels.		NIE	USD 5 Million per Project/Programme (including the PFG)
	<b>Project Scale Up:</b> Supports planning, design and overall capacity to develop scale-up pathways for AF funded projects nearing completion or already completed		NIE	USD 100,000 per Project/Programme

**Action grants** support eligible countries to undertake high quality adaptation projects/programmes consistent with their priority needs, goals and strategies.



## Adaptation Fund Funding Windows (2/3)

 <b>INNOVATION</b>	FUNDING TYPE		Accredited Entity Type	Maximum Funding Amount per Project/Program
	<b>Small (single country):</b> To accelerate development of innovative practices, tools and technologies and demonstrate best practices for scale-up		NIE	USD 250,000 per Project/Programme
	<b>Large (single country or regional):</b> To roll out or scale-up successful innovative practices, tools and technologies to a new country or at regional scale, involving 2+ countries/regions		NIE, MIE, RIE***	USD 5 Million per Project/Programme
	<b>Adaptation Fund Climate Innovation Accelerator:</b> Administered by UNDP & UNEP/CTCN to accelerate the development of innovative practices, tools and technologies and demonstrate best practices for scale-up		Non-accredited****	USD 250,000 per Project/Programme

Innovation grants support the development and diffusion of innovative adaptation practices, tools, and technologies.



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## Adaptation Fund Funding Windows (3/3)

	FUNDING TYPE	Accredited Entity Type	Maximum Funding Amount per Project/Program
 <b>LEARNING &amp; SHARING</b>	<b>Learning Grants:</b> support the generation and dissemination of practical knowledge about effective adaptation activities and financing modalities to actors around the world	NIE	USD\$500,000 (B.40/72)





## Session 4: *ESP REQUIREMENTS IN PROJECTS*



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## THE ENVIRONMENTAL AND SOCIAL POLICY (ESP)

Goal: to ensure that in furthering the Fund's mission of addressing the adverse impacts of and risks posed by climate change, ***projects and programmes supported by the Fund do not result in unnecessary environmental and social harms.***

This is achieved by:

- Identifying **risks** of unnecessary environmental and social harms
- identifying in a **transparent, verifiable, accountable** way (***quality of identification***)
- considering **all risks** (15 principles as guidance on which risks to explicitly consider) for **all activities** (***comprehensive***)
- **assessing and managing impacts, commensurate** to the risks
- engaging with stakeholders, beneficiaries, affected parties (***consultations***)
- demonstrating good implementation and adaptive management (***monitoring***)

# The 15 risks principles of the AF ESP

1. Compliance with the Law
2. Access & Equity
3. Marginalized & Vulnerable Groups
4. Human Rights
5. Gender Equality and Women's Empowerment
6. Core Labour Rights
7. Indigenous Peoples
8. Involuntary Resettlement
9. Protection of Natural Habitats
10. Conservation of Biological Diversity
11. Climate Change
12. Pollution Prevention & Resource Efficiency
13. Public Health
14. Physical and Cultural Heritage
15. Lands and Soil Conservation

# THE ENVIRONMENTAL AND SOCIAL POLICY (ESP)



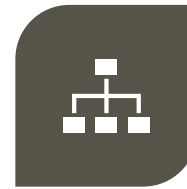
ESP IS A **PROJECT DESIGN TOOL**:



RISKS IDENTIFICATION IS REQUIRED TO BE SHOWN FROM THE EARLIEST STEPS OF A PROJECT PROPOSAL



IDEALLY RISKS SHOULD BE DESIGNED OUT



RESIDUAL RISKS: MANAGEMENT (INCLUDING GRIEVANCE MECHANISM)



ESP CANNOT BE CONSIDERED AS AN OPTIONAL FUNDING HURDLE

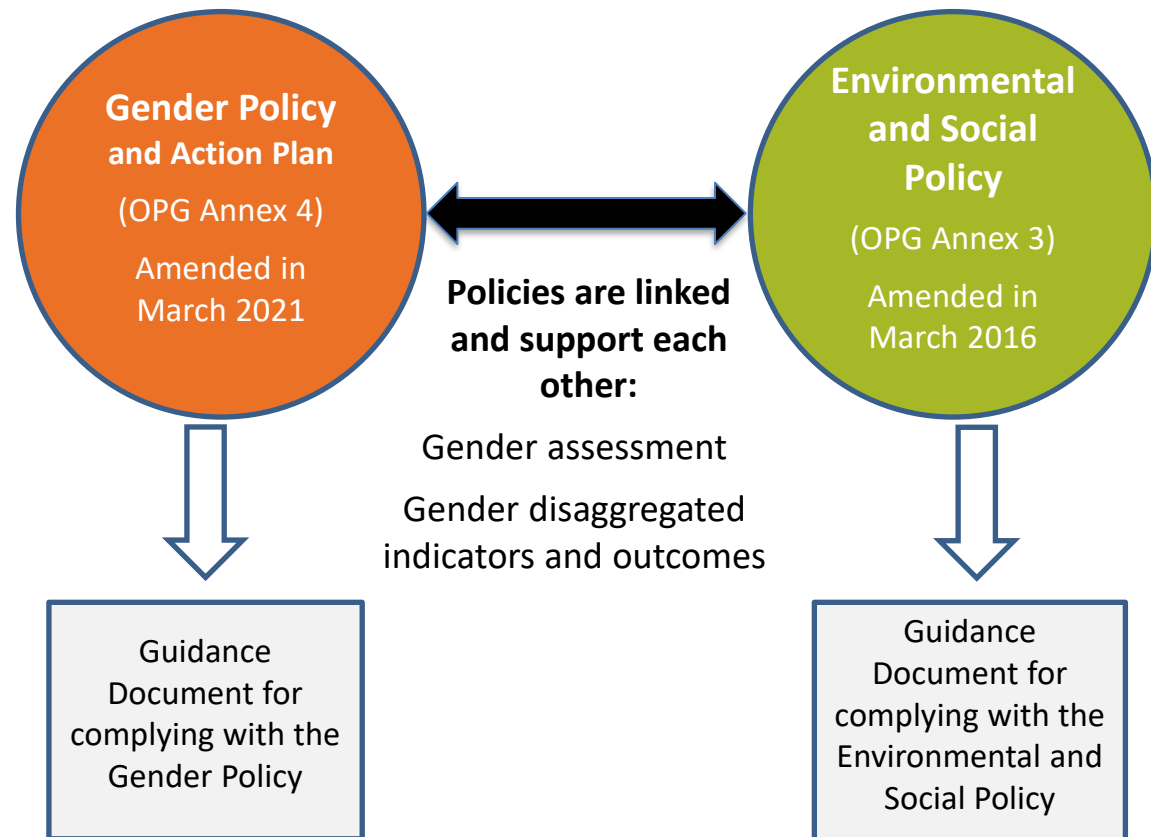


THE ESP OBJECTIVE ALWAYS RELATES TO PEOPLE AND THEIR PERCEPTIONS, EXPECTATIONS, VALUES AND AMBITIONS, AND THE ESP IS ALSO A **COMMUNICATION TOOL**.

**Risks identification is about the risk of “unnecessary environmental and social harms” of projects and programmes supported by the Fund.**

**The focus of the risks identification therefore should be on the risk (likelihood and magnitude) of negative impacts, and not about the outcome of the balance of negative impacts and positive outcomes, or about the result of the risk mitigation strategies.**

# Environmental, Social and Gender Requirements





# Compliance with ESP – Implementation arrangements (ESMP)

- Identify adequate and credible measures to manage the impacts for all environmental and social risks that have been identified in section II, and the corresponding impacts that have been assessed
- ESMP should contain/include:
  - clearly allocated roles and responsibilities for its implementation
  - opportunities for consultation and adaptive management
  - credible budget provisions, as needed, for the implementation of the ESMP
- Outline the arrangements for the IE to supervise executing entities for implementation of ESMP
- Include clear monitoring and evaluation arrangements for ESP compliance
- Include an accessible and meaningful grievance mechanism in place, mentioning all parts of the grievance process, including where grievances can be addressed

# The definition of USPs has been refined and further detailed:

- Fully unidentified: both the activity and the location are not determined
- Fully unidentified, within fixed framework
- Partially unidentified: specific activity identified, location to be determined
- Partially unidentified: specific location identified, activity to be determined
- Mix of USP types

# The USP Justification

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needs to provide the reasons why an activity cannot be formulated at the design stage and

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must describe the specific benefits of not formulating an activity at that stage. It should further

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explain how these benefits outweigh the increased risk on non-compliance with the ESP and GP.

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Stakeholder identification and consultations of stakeholders are a normal part of all projects/programmes formulations and are not sufficient justification for the use of USPs.





Role of the IE is to supervise and monitor the EEs in their execution of project/programme activities.



The EEs are the ones that will have to apply most of the management measures included in an ESMP, and **it is the role of the IE to ensure that the EEs do so, that they have the capacity to do this well** (both in human resources and in operational capacity) and **that they are committed to avoid unwanted negative impacts.**



For the allowed and justified USPs, a proposal needs to ensure through the ESMP that the USPs will go through the same risks' identification process and subsequent safeguards steps as the **fully formulated activities** that are included in a project or programme proposal, including consultation.



Needs to be achieved by developing an ESMP for the project/programme, or by expanding the ESMP already prepared for the **fully formulated activities** with environmental and/or social risks

# Some important implications for using USPs

# Considerations for the Grievance Mechanism

A grievance mechanism is an element of all projects/programmes.

For those with USPs, the design of the grievance mechanism needs to be adequate to accommodate grievances from the whole range of possible USPs.

It also needs provisions so that it will also be known to stakeholders involved in USPs and able to receive complaints related to the USPs.

The ESMP may need to include specific provisions to publicize the grievance mechanism.

# Unidentified sub projects : Deep dive

## USPs



Unidentified sub-projects (USPs) are subject to specific provisions for USP under the Fund's environmental and social policy (ESP).

## Objectives



The objectives of the sub-projects should be aligned with those of the submitted project, the Adaptation Fund Results Framework.

## Types



The type, sector, size, and geographic locations of potential sub-projects should be described, including the expected nature of sub-projects.

USP guidance document:

<https://www.adaptation-fund.org/document/guidance-document-for-project-programme-with-unidentified-sub-projects/>



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