



ADAPTATION FUND

Progress and Challenges for Adaptation Financing

31 January 2013

Key achievements of the Adaptation Fund since its full operationalization in 2010

- The only climate fund to **fully operationalize Direct Access**
- Ranked **#1 for transparency** among climate funds assessed by IATI¹
- Approved **US\$ 178M of** grant funding for 27 projects & programmes
- **Performance-based disbursements** & use of **results-based management**
- Involvement of **civil society** at various levels

¹ <http://www.publishwhatyoufund.org/index/2012-index/>



Outline of Presentation

- **Background**
- Accessing resources of the Adaptation Fund
- Projects, Programmes and Results
- Emerging Challenges



The AF was established under the Kyoto Protocol of the UNFCCC

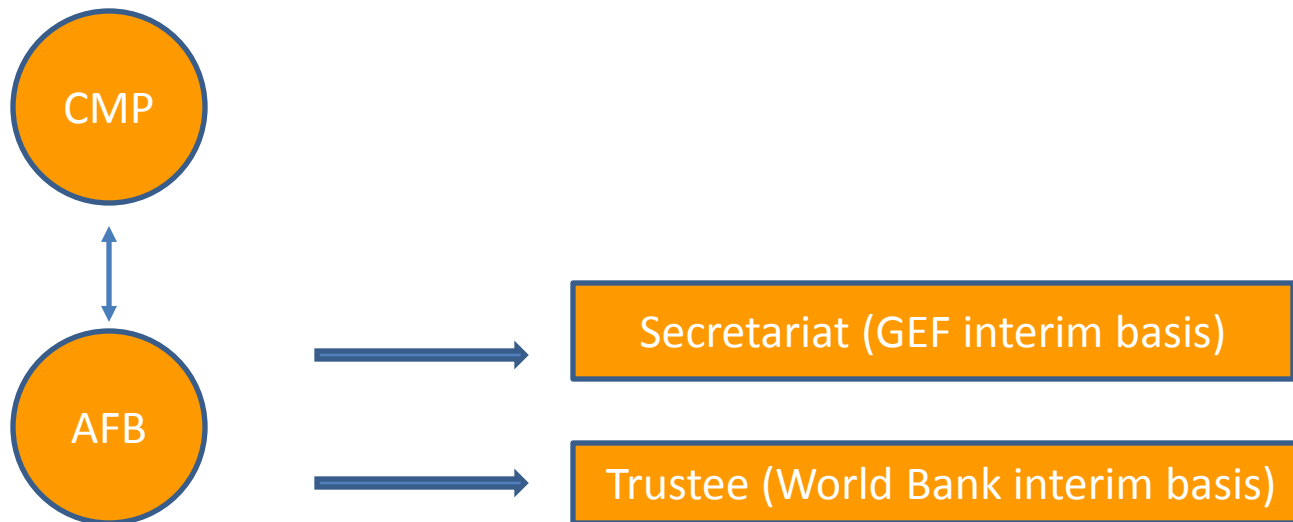
- Goal: to finance the full cost of concrete adaptation projects/programmes, whose principal and explicit aim is to adapt and increase resilience
- Financed from a 2% share of the CER proceeds on the Clean Development Mechanism (CDM) project activities and other sources of funding
- Adaptation Fund Board is composed of 16 members and alternate members representing:
 - 5 UN regions
 - LDCs
 - SIDS
 - Annex I Parties
 - Non-Annex I Parties
- Equitable and balanced representation of Kyoto Protocol Parties
- Legal capacity: Germany 2011



Institutional arrangements for the Adaptation Fund were reviewed at CMP8

- Secretariat: GEF on an interim basis
- Trustee: World Bank on an interim basis

KP Parties reviewed the interim institutional arrangements at CMP8 (November 2012) and decided to further review at CMP10.



The Adaptation Fund is funded through CER monetization and other sources of funding



Spain: \$57,055,000



Sweden: \$44,200,000



UK: \$15,915,000



Germany: \$13,900,000



Switzerland: \$3,267,461



Norway: \$87,700*



Finland: \$67,534*



Monaco: \$12,197



Japan: \$8,088*

Income from CERs² **\$187.9M**

Funds allocated to projects **\$178.8M**

Funds available **\$123.7M**

² The AF receives a 2% share of proceeds of the Certified Emission Reductions (CERs) issued by Kyoto Protocol's Clean Development Mechanism

* Donation corresponds to Donor's pro-rata share of the balance in the multi-donor trust fund for the start-up of the AFB secretariat

Data current as of 31 December 2012



Outline of Presentation

- Background
- **Accessing resources of the Adaptation Fund**
- Projects, Programmes and Results
- Emerging Challenges



There are 3 modalities that developing countries can use to access Adaptation Fund resources

Direct Access

Parties submit proposals directly through an **accredited National Implementing Entity (NIE)**.

15 NIEs accredited

Regional Access

Parties submit proposals through **accredited Regional and sub-regional Entities (RIEs)**.

1 RIE accredited

Multilateral Access

Parties submit proposals through an **accredited Multilateral Implementing Entity (MIE)**.

10 MIEs accredited



The AF's strict requirements are evaluated by the independent Accreditation Panel for each applicant

NIEs, RIEs and MIEs shall:

a. Meet the fiduciary standards established by the AFB:

- Financial management and integrity
- Institutional capacity
- Transparency, self-investigative powers and anti-corruption measures

b. Bear full responsibility for the overall management of the project and programmes; and

c. Carry out financial, monitoring and reporting responsibilities.



The AF has operationalized a systematic process for accreditation of implementing entities

- **Step 0:** The government appoints a Designated Authority. The DA must endorse the accreditation application of Implementing Entity and all IE project/programme proposals.
- **Step 1:** Submit application:
 - a. Description of how the organization meets the specific required capabilities
 - b. Attachment of supporting documentation
- **Step 2:** Accreditation Panel Reviews Application.
- **Step 3:** Panel can request additional information/clarification from organization.
 - a. Might suggest to Board that an on-site visit is required
 - b. Might suggest that technical support needs to be provided to an applicant to improve its capacity in order to attain accreditation
- **Step 4:** Panel makes recommendation to AF Board.
- **Step 5:** AF Board makes final decision on accreditation of entity



The following Implementing Entities have been accredited by the Adaptation Fund

- **15 National Implementing Entities accredited:**
 - Ecological Monitoring Center (Senegal)
 - Planning Institute of Jamaica (Jamaica)
 - National Agency for Research and Innovation (Uruguay)
 - National Environmental Fund (Benin)
 - South Africa National Biodiversity Institute (South Africa)
 - Protected Areas Conservation Trust (Belize)
 - Ministry of Natural Resources (Rwanda)
 - Ministry of Planning and International Cooperation (Jordan)
 - National Environment Management Authority (Kenya)
 - Mexican Institute of Water Technology (Mexico)
 - Unit for Rural Change (Argentina)
 - National Bank for Agriculture and Rural Development (India)
 - Cooperative Fund for Sustainable Development (Costa Rica)
 - Agency for Agricultural Development (Morocco)
 - International Cooperation Agency (Chile)
- **1 Regional Implementing Entity**
 - West African Development Bank
- **10 Multilateral Implementing Entities accredited:**
 - The World Bank, ADB, AfDB, IADB, UNDP, UNEP, IFAD, WFP, WMO, UNESCO



A number of lessons have been learned from pioneering the Direct Access modality

- It empowers developing countries to manage their own funds
- It recognizes the potential of strong institutions in developing countries
- The emphasis on demonstration of the **application of policies & standards** may pose challenges to newly established organizations and highly centralized entities subject to frequent political changes (e.g. ministries).
- Successful NIEs have reported benefiting from **real capacity development** by improving their processes & procedures during the accreditation process



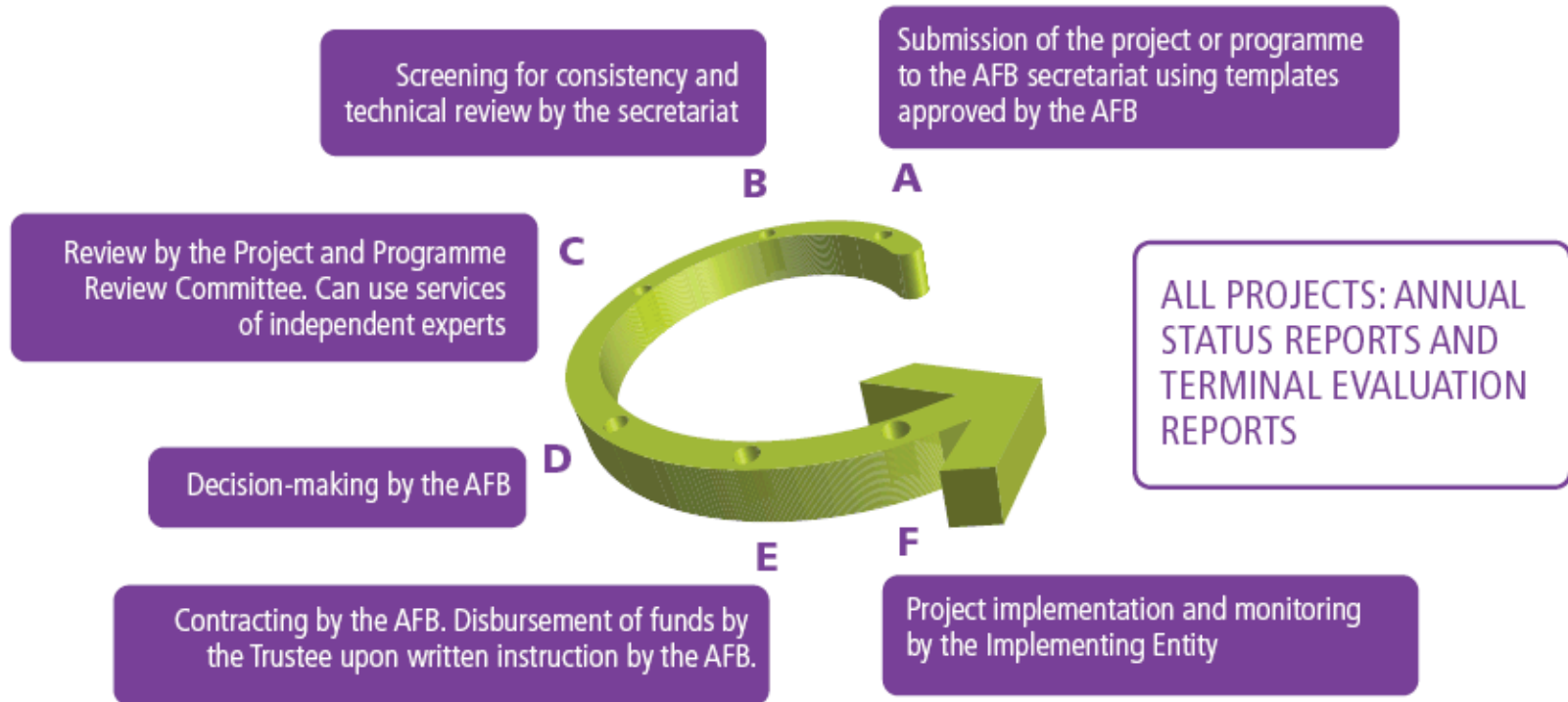
Outline of Presentation

- Background
- Accessing resources of the Adaptation Fund
- **Projects, Programmes and Results**
- Emerging Challenges



Proposals undergo review by the AFB secretariat and Project and Programme Review Committee

AFB PROJECT CYCLE



Note: All proposals are posted on www.adaptation-fund.org for public comment



Review criteria ensure that proposals provide effective and sustainable adaptation solutions

Consistent with national sustainable development strategies

Benefits to economy, society, and environment

Meets national technical standards

Cost-effectiveness & sustainability

Gender Issues Considered in project design

Stakeholder Consultation: Incorporation of community views

Avoiding duplication with other funding sources

Arrangements for management, financial and risk management, M&E, and impact assessment.



The AF has approved grant funding for 27 concrete adaptation projects/programmes since September 2010

Africa

- Senegal
- Eritrea
- Madagascar
- Mauritius
- Tanzania
- Egypt
- Mauritania
- Djibouti

Asia

- Maldives
- Mongolia
- Pakistan
- Turkmenistan
- Lebanon
- Cambodia
- Sri Lanka

Latin America & Caribbean

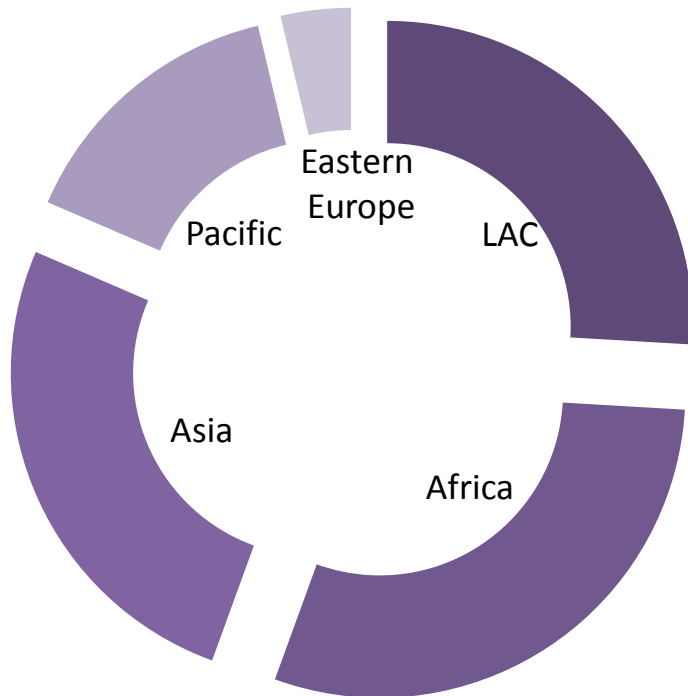
- Uruguay
- Ecuador
- Honduras
- Nicaragua
- Colombia
- Jamaica
- Argentina

Pacific

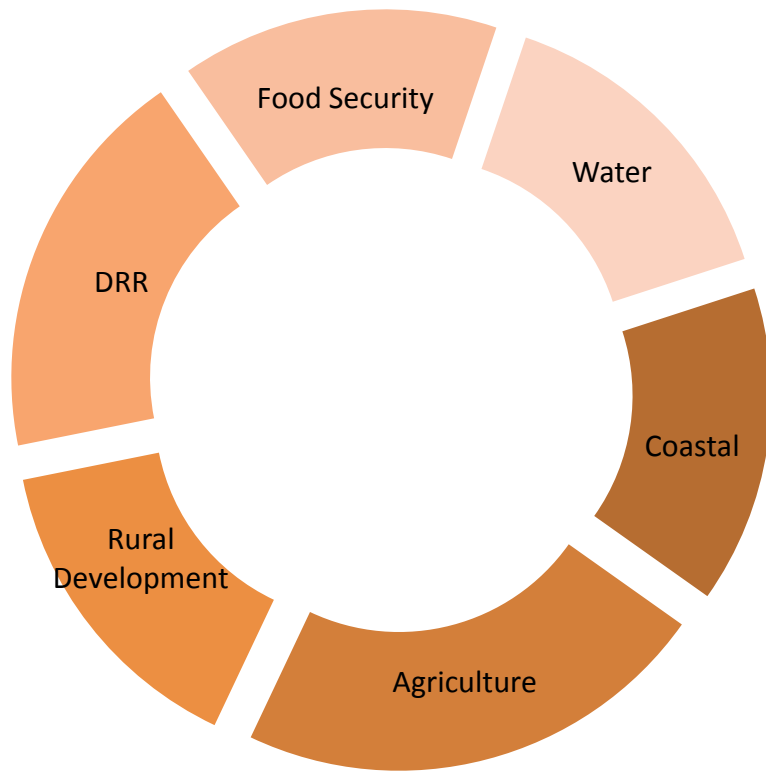
- Cook Islands
- Papua New Guinea
- Samoa
- Solomon Islands

Eastern Europe

- Georgia



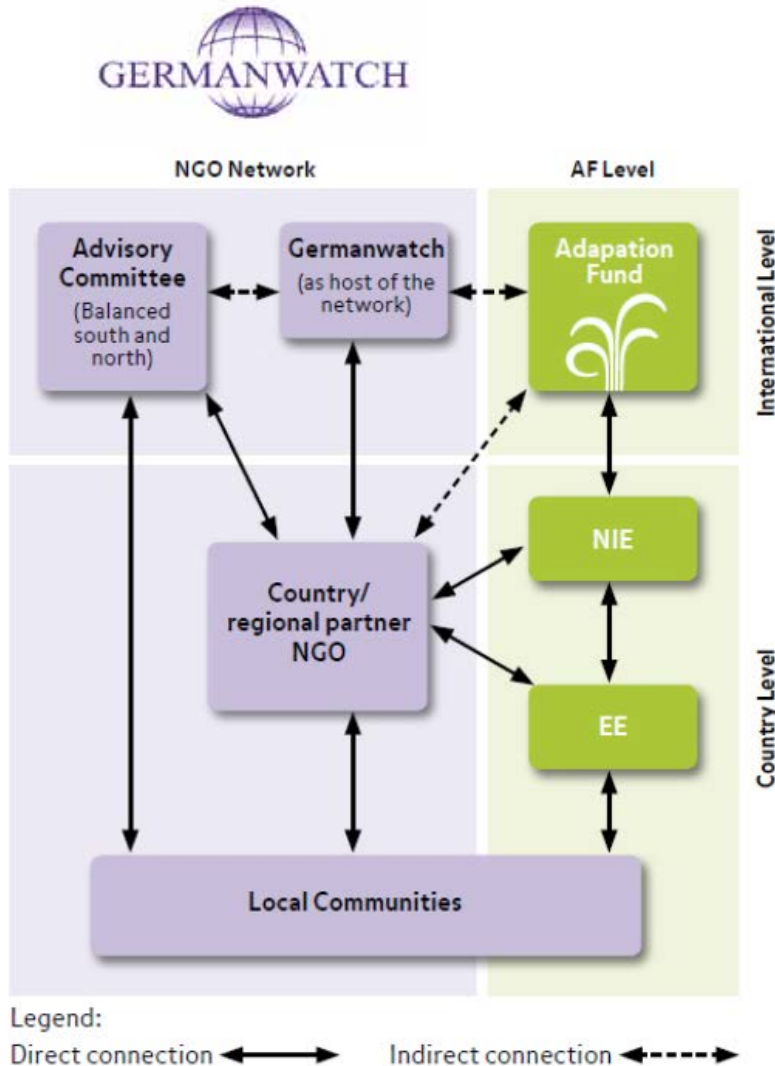
The 27 projects/programmes span diverse sectors according to developing countries' adaptation priorities



- The diversity of sectors reflects differing adaptation strategies to suit local needs
- Most projects and programmes have multiple sectors
- Adaptation Fund Board does not prescribe or prioritize sectors



The AF ensures constant engagement with civil society through an independent NGO network



- The AF NGO network was set up by Germanwatch under the International Climate Initiative
- It includes NGOs in developing countries and tracks progress of AF projects
- The AF Board meets with the AF NGO network during each board meeting
- The AF NGO network publishes a quarterly newsletter at <http://germanwatch.org/klima/afnl.htm>

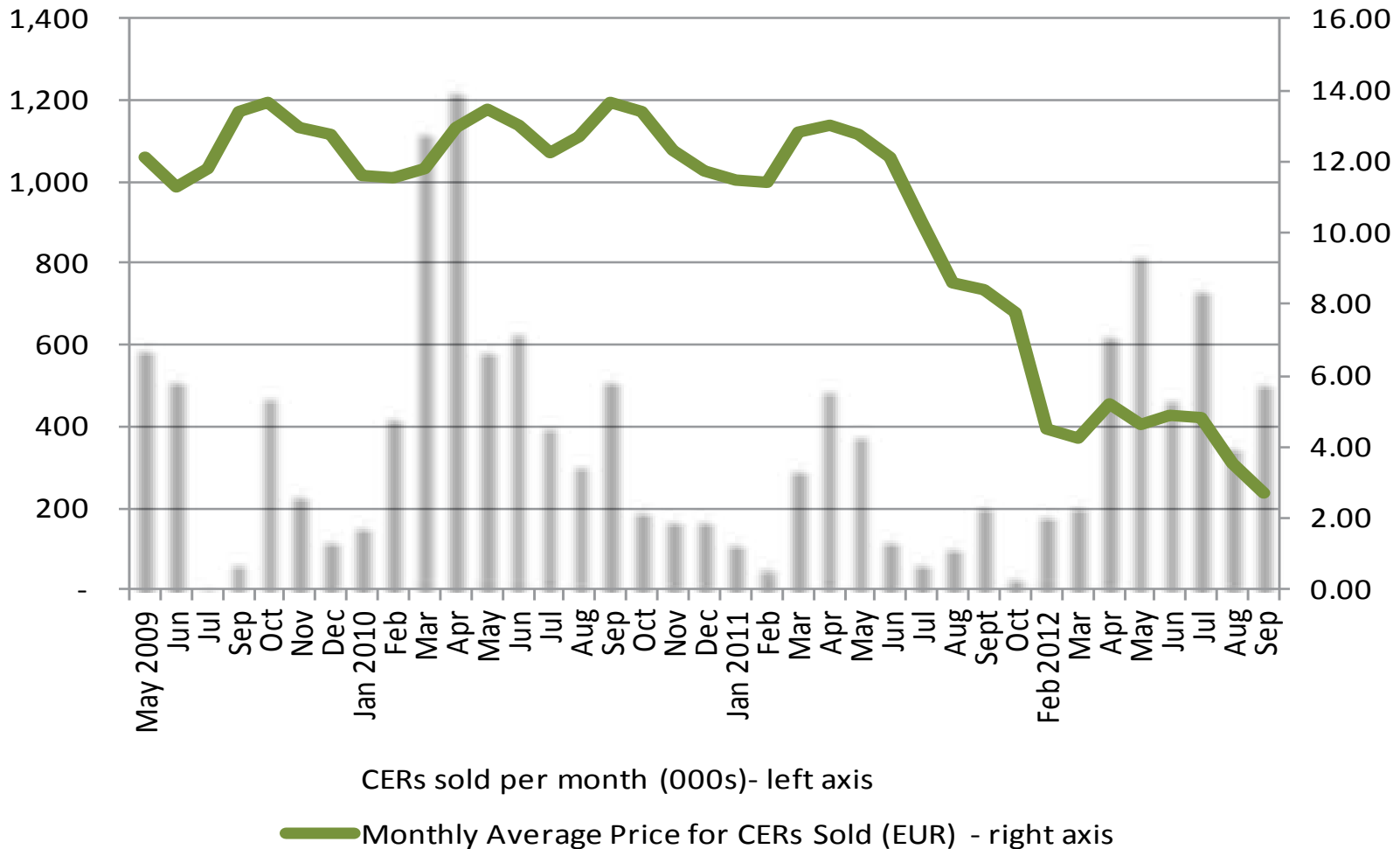


Outline of Presentation

- Background
- Accessing resources of the Adaptation Fund
- Projects, Programmes and Results
- **Emerging Challenges**



CER prices have collapsed, jeopardizing the main revenue source of the Adaptation Fund



Demand for adaptation funding has exceeded resources available for implementation by MIEs

- The **50 percent cap** on funds for multilateral implementing entities (MIEs) **was reached** at the 19th Board meeting and a pipeline, or waiting list, of projects to implemented by MIEs was established.
- The pipeline includes projects recommended for approval by the Project and Programme Review Committee (PPRC) but for which there is no funding available.
- Funds are urgently required for **4 adaptation projects in the pipeline** (to be implemented by UNDP) in Guatemala, Cuba, Myanmar and the Seychelles.



The Board is discussing its strategy and fundraising options and welcomes further partnership with donors

- USD 100 million fundraising target during 2013
- Concluded a partnership with UNF to facilitate private donations online
- Intention to work collaboratively with both private and public sector
- Future institutional relationship with the Green Climate Fund

The screenshot shows the United Nations Foundation website. At the top, there is a navigation bar with links for HOME, AGENDA, LOGISTICS, PRESENTATIONS, PARTICIPANTS, and MEET THE GEF. The main header features the United Nations Foundation logo and the tagline "Connecting You with the United Nations". To the right, there are links for "Who We Are", "What We Do", and "How To Help", along with social media icons for Facebook, Twitter, YouTube, and RSS. A search bar and a "DONATE NOW" button are also present. Below the header, there is a "HOW TO HELP: ADAPTATION FUND" section with a "Donate" button and a "Take Action" link. The main content area features a large image of a glacier with people in the foreground. To the right of the image, there is a blue box with the text: "Helping developing countries adapt to the negative effects of climate change". Below the image, there is a breadcrumb trail: "WWW.UNFOUNDATION.ORG > HOW TO HELP > DONATE". At the bottom, there is a "ADAPTATION FUND" section with social media sharing buttons for Facebook (2 shares), Twitter (0 tweets), and ShareThis (2 shares), along with a "PRINT THIS PAGE" button.





Greenhouses for Adaptation (Ihsan Ilze, Turkey)

THANK YOU

www.adaptation-fund.org

