



ADAPTATION FUND

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

Marrakech , 8 November 2016



Experience on funding Climate Adaptation



Since inception, the Fund has mobilized over half a billion dollars in resources. **US\$ 197 million** came from CER proceeds and **US\$ 345 million** from developed countries' contributions.

The resources allocated so far amount to **US\$ 357.5 million** in **63 countries**, of which **23 are LDCs** and **14 SIDS**.

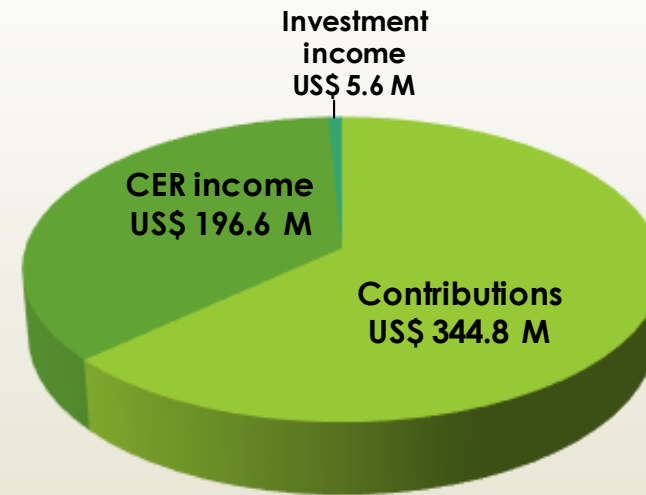
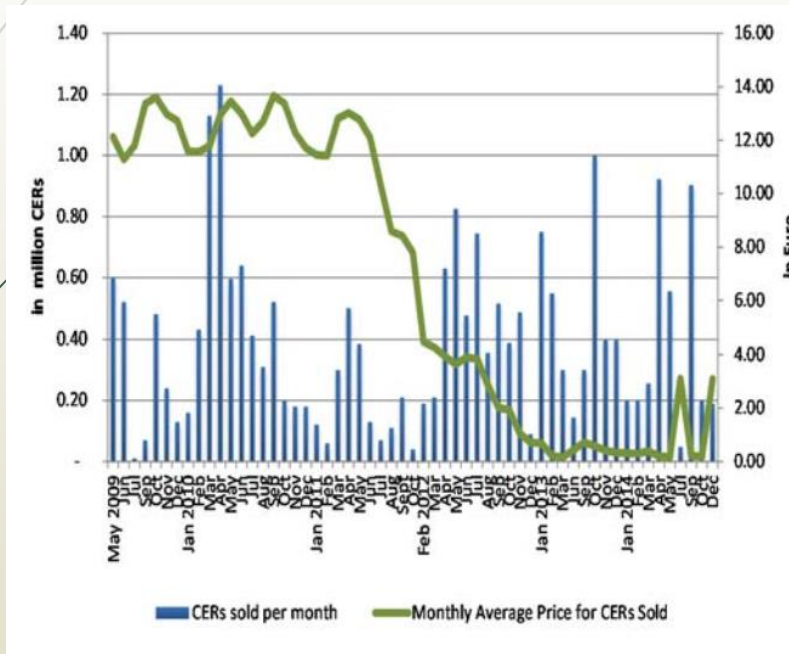
The Adaptation Fund currently funds **55 concrete, localized adaptation and resilience projects** in **48 vulnerable countries** with **3.7 million direct beneficiaries**. Its projects are effective, flexible and scalable, and can be replicated in other communities.

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



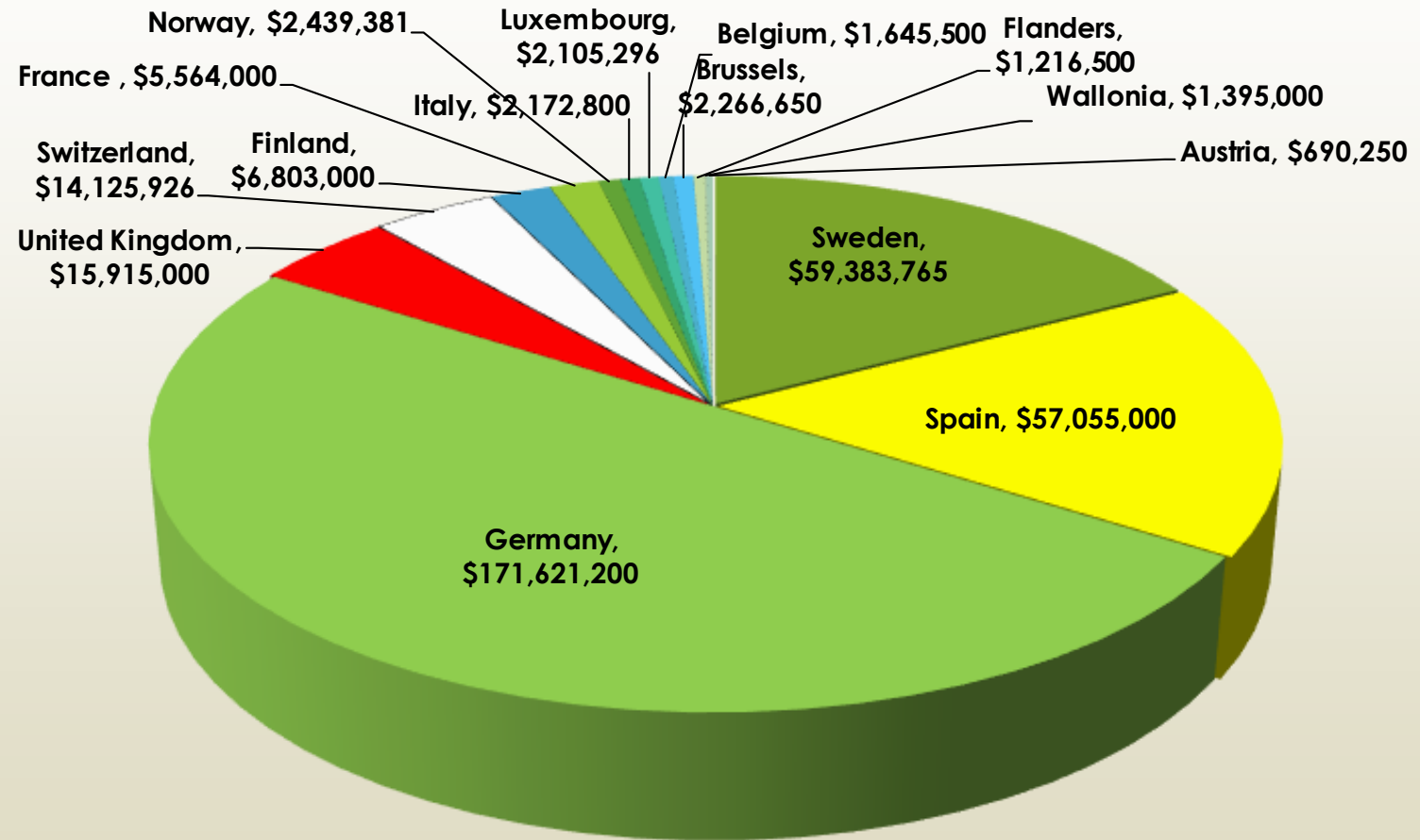
Funds available for new projects:

- For MIEs: US\$ 35.3 M
- For NIEs/RIEs: US\$ 84.6 M
- Regional pilot: US\$ 29.6 M

Fundraising progress / targets:

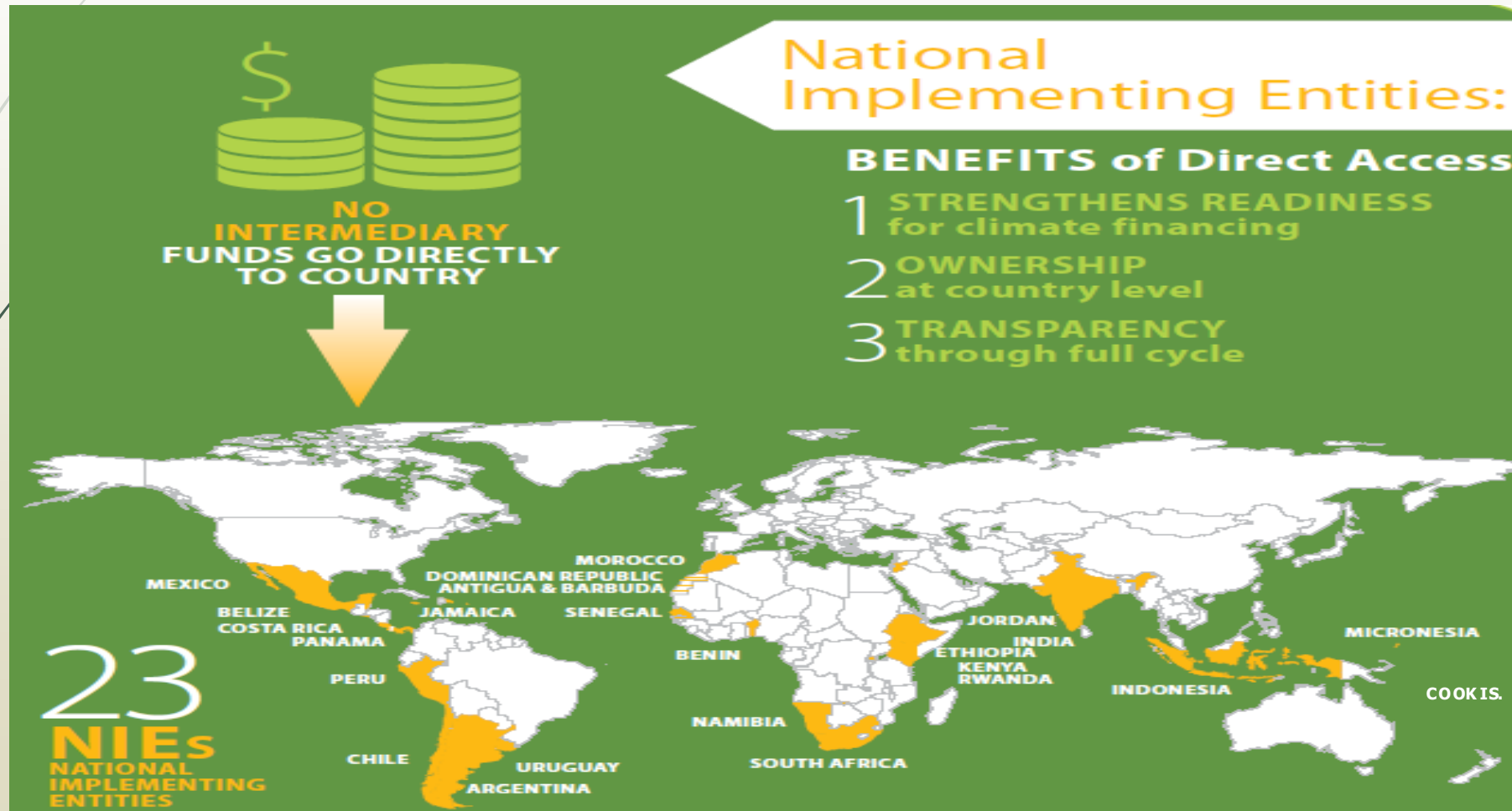
- 2012-13: US\$ 103.4 M / US\$ 100 M
- 2014: US\$ 64.4 M / US\$ 80 M
- 2015: US\$ 75.8 M / US\$ 80 M
- 2016: US\$ 0.0 M / US\$ 80 M

Contributions to the AF since inception



Since 2010 the Fund has approved US\$ 358 million for 61 countries

- 35 implemented by MIEs, 2 implemented by RIEs, 18 implemented by NIEs



Adaptation Fund and the Direct Access Modality

- **Objectives:**

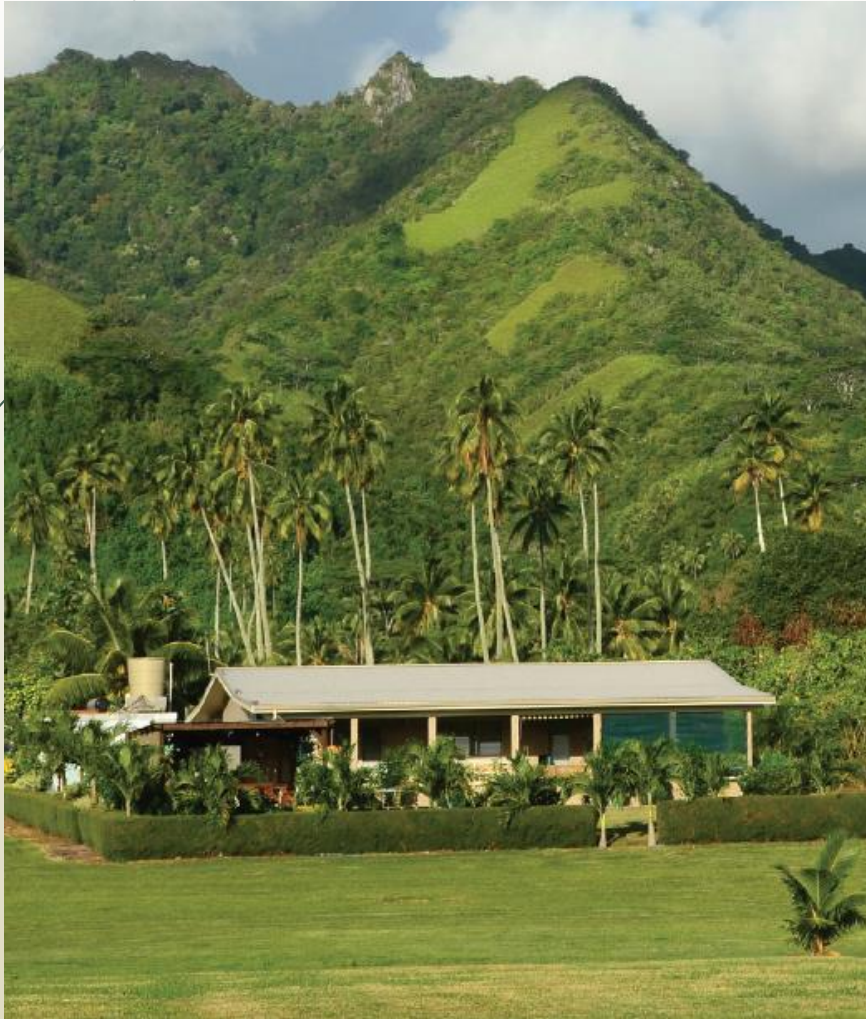
- ✓ Direct Access, whereby a country can access funds directly from the AF and other funds adopting similar modality to manage adaptation/mitigation projects, requires an accredited National Implementing Entity meeting the funds' fiduciary standards, environmental and social safeguards and gender policy

- **Assessment Criteria:**

- ✓ Approved by the Adaptation Fund Board
- ✓ Implementing entities must meet the requirements in four key areas:
 - ❑ Legal status
 - ❑ Financial Management and Integrity;
 - ❑ Institutional Capacity; and
 - ❑ Transparency, Self-investigative Powers and Anti-Corruption Measures and Polices and Mechanisms to monitor and address Complaints about Environmental or Social Harms Caused by Projects.



Streamlined accreditation process (smaller entities)



- ▶ Approved in April 2015
- ▶ In some countries, may be difficult to find suitable NIE candidates that are able to access up to USD 10 million
- ▶ Streamlined process:
 - ▶ Same accreditation standards
 - ▶ Flexibility in means of verification
 - ▶ Reduced time, effort
 - ▶ Conditionality that can be revoked



Policy: Environmental and Social (November 2013) and Gender Policy (March 2016)

Environmental and Social Policy now rolled out to operations and Gender policy approved in March 2016

At accreditation stage:

- In addition to overall risk management capacity: systems to assess, mitigate and manage environmental and social risk and the commitment to gender equality



At project proposal stage:

- Screening against 15 principles of the ESP
- Categorization of proposed project
- ESIA, ESMP
- Grievance mechanism



Lesson: Support for direct access readiness is needed

- Readiness Programme launched in May 2014

Convening actors working on direct access (accreditation, project development, capacity building)

Designing improved materials on AF processes



Developing a knowledge exchange platform:
climatefinanceready.org

Small grants:

- South-south cooperation
- Environmental and Social technical assistance

Policy: Pilot Programme for Regional Activities

- Up to 4 regional projects/programmes
- Total value USD 30 million
- 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
- 11 pre-/concepts endorsed
- October 2016: call extended beyond pilot



Evaluation: Phase I (2014-2015)

- **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



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