

Institutional linkages and relations between the Adaptation Fund and other institutions under the Convention

Submission to the Standing Committee on Finance¹

April 2015

BACKGROUND

In December 2014 in Lima, Peru, the COP requested the Standing Committee on Finance in Decision 6/CP.20, paragraph 22 to consider issues related to possible future institutional linkages and relations between the AF and other institutions under the Convention.

On the basis of this, the UNFCCC Secretariat produced a *Background paper on possible future institutional linkages and relations between the Adaptation Fund and other institutions under the Convention* (SCF/2015/9/7, “the Background Paper”) as input to the SCF discussion on these issues.

SCF 9 (Bonn, 10-11 March 2015). Based on this input, the SCF discussed these issues at its ninth meeting and took the following decision, as recorded in the [Report of the 9th SCF meeting](#):

32. *The SCF agreed on the following scope of work in relation to this issue:*
 - (a) *Possible future relations between the Adaptation Fund (AF) and other institutions under the Convention;*
 - (b) *Possible future institutional linkages between the AF and other institutions under the Convention, taking into account any legal and technical implications identified;*
 - (c) *Possible future institutional linkages between the AF and other institutions under the Convention in the broader context of the future financial architecture.*
34. *The SCF agreed to undertake work intersessionally. The Committee also agreed to enhance the dialogue with the AF Board and relevant thematic bodies.*
35. *SCF members, observers and thematic bodies under the Convention were invited to make submissions by 8 May 2015 on the issues referred to in paragraph 32(a) and (b) above.*
37. *The secretariat, under the guidance of the co-facilitators, will prepare a working paper on possible options for future institutional linkages and relations between the AF and other institutions under the Convention, including the legal and technical implications for each option, taking into account the submissions referred to in paragraph 35 above, for consideration by the Committee at SCF 10 [26 and 28 May, or 12-13 June 2015].*

¹ OCP is a lead member of the European Capacity Building Initiative (ecbi). This submission is OCP’s sole responsibility and does not necessarily reflect the views of all ecbi members.

AFB 24-25. On 2 March 2015 the Adaptation Fund Board, as mentioned in the Background Paper, decided ([Decision B.24-25/9](#)) – on the basis of a paper on *Potential linkages between the Fund and the Green Climate Fund* (AFB/B.24-25/1) – to request the AF Secretariat to:

- (a) *Further assess:*
 - (i) *The potential for the Adaptation Fund to apply as a financial intermediary of the Green Climate Fund; and*
 - (ii) *The feasibility of entering into some form of memorandum of understanding or legal agreement under which the Fund could programme GCF funds; and*
- (b) *Present its conclusions to the 25th Board meeting.*

AFB 25 (Bonn, 9-10 April 2015). On the eve of the 25th AF Board meeting, the ecbi organised an informal meeting for the AF Board members co-hosted with Hans-Olav Ibrekk, incoming Chair of the AF Board. After a welcome by the incoming AF Board Chair, Benito Müller (ecbi director) gave a short presentation "[The Adaptation Fund in the new climate finance regime: Its role in relationship with the GCF](#)" followed by a presentation by Dima Shocair Reda of the AF Secretariat on "[Potential Linkages: Adaptation Fund & Green Climate Fund.](#)" The discussion that followed was very open and constructive and broadly in favour of a two-pronged approach, namely to pursue both accreditation as a multilateral funding entity of the GCF in order to secure a predictable core-funding stream in the form of programmatic budget support, and the establishment of an MOU between the two funds that would define how they could ensure complementarity of their operations through a division of labour.

At the AF Board meeting, the “Strategic discussion on objectives and further steps of the Fund: Potential linkages between the Fund and the Green Climate Fund” (Agenda Item 8) was clearly seen as the key agenda item. After an extensive discussion, the AF Board decided (Decision B.25/21) to request:

- (a) *The Chair and Vice-Chair, based on decision B.24-25/9 and discussions at the twenty-fifth meeting of the Adaptation Fund Board, to initiate consultations with the Standing Committee on Finance and start a dialogue with the Green Climate Fund (GCF) Board, on potential linkages between the two funds and request the issue of complementarity between the two funds to be considered by the GCF Board at the earliest;*
- (b) *The secretariat, in consultation with the trustee, as appropriate, to prepare a document for consideration by the Board at its 26th meeting [6-9 October 2015] containing further legal, operational, and financial analysis on the implications of various linkages with the GCF;*
- (c) *The secretariat to discuss with the secretariat of the GCF concrete activities to initiate collaboration, including but not limited to the following areas:*
 - (i) *Readiness support, including by organizing joint activities such as workshops or seminars in regions;*
 - (ii) *Results Based Framework;*
 - (iii) *Accreditation;*
 - (iv) *Project/programme identification; and*
- (d) *Request the Chair and the secretariat, report to the Board at its twenty-sixth meeting on the progress made in points above in sub-paragraphs (a) to (c).*

SUBMISSION

This submission to the SCF is in reply to the invitation issued in paragraph 35 of the [Report of the 9th SCF meeting](#) (SCF/2015/9/10) and is based on the outcomes of the relevant breakout group as reported in Annex III of that Report, in particular that:

4. *Some participants stressed that the Standing Committee on Finance (SCF) should avoid the duplication of work being undertaken by the AF Board and should aim for effective collaboration with other bodies under the Convention.*
5. *Some participants proposed to focus the options on improving the operational/informal relationship of the AF with other institutions, while others proposed to broaden the discussion on its relationship with future financial architecture.*

In light of the fact that both the SCF and the AFB have decided to *initiate consultations/enhance the dialogue* between the two bodies, it would be useful to begin this consultation/dialogue with a coordination with respect to the relevant papers that have been requested from the two secretariats, both with respect to scopes and, if possible, recommendations.

As regards the ***relationship between the AF and the GCF***, the paper requested from the UNFCCC Secretariat should, we believe, look at options to ***enhance the coordination*** between the two funds (in conformity with the SCF mandate as established in paragraph 121 of [Decision 2/CP.17](#)) with a particular focus on how the complementarities between the two funds could be brought to bear on avoiding unnecessary duplications. This is to reflect the observation in paragraph 7 of the SCF Background Paper that the *COP, in the context of the fifth review of the Financial Mechanism, noted the challenge of overlaps between the activities that the GCF will finance and those of other multilateral climate funds. In this regard, there is increasing desire from Parties to deliberate future climate finance architecture, which will maximize synergy to support adaptation finance and ensure coherence and coordination among different thematic bodies and financial institutions, taking into account predictability and sustainability of the funding from the AF.*

In short, as concerns the relation/linkage between the AF and the GCF, the SCF paper should focus solely on the issue raised in sub-paragraph (a) of AFB Decision B.25/21 (see above).² Having said this, it would in this context be useful if the SCF's draft decision on guidance to the operating entities of the financial mechanism could request the GCF to consider the issue of complementarity with the AF as a matter of urgency, as suggested in sub-paragraph (a) of the AFB Decision.

² This means, in particular, that the issues referred to in sub-paragraphs (b) and (c) are to be left to bilateral consultations between the two funds.