

The Adaptation Fund as Model of Climate Financing
By Hans Olav Ibrekk, Adaptation Fund Board Chair

As delegates, climate practitioners, civil society representatives and others head to the UNFCCC COP 19, there are clear demands for action on climate. It is imperative that we all push for creative and tangible solutions to all facets of climate change. When Parties to the Climate Change Convention and its Kyoto Protocol meet in Warsaw, they should look to the Adaptation Fund as a model for creatively and effectively financing climate adaptation, and completing the circle of action that will comprehensively address climate change going forward.

The Adaptation Fund offers an inspiring example of efficient and entrepreneurial approaches to climate adaptation. It has pioneered an innovative and agile model for climate finance, notable for its rigorous, transparent accreditation and project review processes, and for its quick disbursement of funds. The Adaptation Fund's robust and fully-developed direct access mechanism enables national entities to directly access funds and manage the design and implementation of adaptation projects in their countries. Donors are assured that their funds are spent appropriately, as the Adaptation Fund finances every project in tranches, each one released only when the spending of the previous monies has been accounted for.

Among the inspiring initial results of the Adaptation Fund's activities is the mainstreaming of climate policies it has catalyzed in many countries. In practice, climate adaptation usually takes place at the local level, and it's vital that this is scaled up, so the lessons learned locally are used to define and shape national and regional policies. This has also proven true in the Adaptation Fund's accreditation process for national implementing entities (NIEs). As they work to fulfill strict criteria for accreditation, many implementing entities have reported that the process helped them strengthen capacity. In Mexico, the Instituto Mexicano de Tecnologia del Agua noted that the accreditation process required them to look deeply within their organization to determine if their institutional capacity, financial management and transparency processes were truly sound. Senegal's accredited implementing entity, the Centre de Suivi Ecologique, noted the process changed institutional dynamics by enabling various levels of government hierarchy and stakeholders to collaborate more closely.

Despite its successes, the Adaptation Fund is struggling to meet increasing demand, as its main source of funding, revenues from a two per cent levy on CDM CERs, has effectively dried up. Last year, the Fund's Board launched a campaign to raise US\$ 100 million by the end of 2013. It has reached one-third of that goal, and has seven fully-vetted projects from multilateral agencies such as the UNDP awaiting funding. The 15 national implementing entities that have been accredited are now preparing project proposals that, when approved, will require the Fund's remaining cash reserves.

It is time to think about adaptation as an integral counterpart to mitigation. Climate effects are evident around the globe, ranging from more severe storms to

rising sea levels to shifting growing seasons. The innovation of funding the Adaptation Fund from CERs has left it vulnerable to market forces, which are currently not favorable. While we are hopeful that the carbon market will improve, in the interim we must broaden the Adaptation Fund's financing with voluntary contributions to ensure that the excellent results it has achieved can be replicated well into the future.