



ADAPTATION FUND

**Building capacity for Adaptation - The Direct
Access experience of the Adaptation Fund**

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2nd meeting of the Durban Forum on Capacity-building - DF2 - 4
June 2013

Outline of Presentation

- **Overview and achievements of the Adaptation Fund**
- Building Capacity for Adaptation: Lessons learned



The Adaptation Fund was established under the Kyoto Protocol of the UNFCCC

- **Goal:**

- ✓ Increase resilience through **concrete adaptation** projects & programmes
- ✓ Focus on **most vulnerable countries and communities**

- **Innovative Features:**

- ✓ Governed by **majority of developing countries**
- ✓ **Levy on Clean Development Mechanism proceeds** & other sources of funding
- ✓ **Direct access**



Direct Access is a groundbreaking modality that gives national entities full control over implementation

- Puts into practice principles of Paris Declaration on Aid Effectiveness :
 - **Ownership**
 - **Harmonization**
 - **Alignment**
 - **Mutual accountability**
 - **Results**

- Allows developing countries to **access adaptation finance directly** without intermediaries.

- Prepares countries for accessing other funds directly (including Green Climate Fund).



CMP set strict **fiduciary standards** that are internationally recognized:

- i. Financial integrity and management
- ii. Institutional capacity
- iii. Transparency and self-investigative powers



There are now more National Implementing Entities eligible to access funds than multilateral agencies

15 National Implementing Entities:

- Centre de Suivi Ecologique (**Senegal**)
- Planning Institute of Jamaica (**Jamaica**)
- Agencia Nacional de Investigación e Innovación (**Uruguay**)
- Fonds national pour l'environnement (**Benin**)
- South African National Institute for Biodiversity (**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**)
- Unidad para el Cambio Rural (**Argentina**)
- National Bank for Agriculture and Rural Development (**India**)
- Fundecooperación (**Costa Rica**)
- Agency for Agricultural Development (**Morocco**)
- Agencia de Cooperación Internacional (**Chile**)

1 Regional Implementing Entity

- Banque Ouest Africaine de Développement

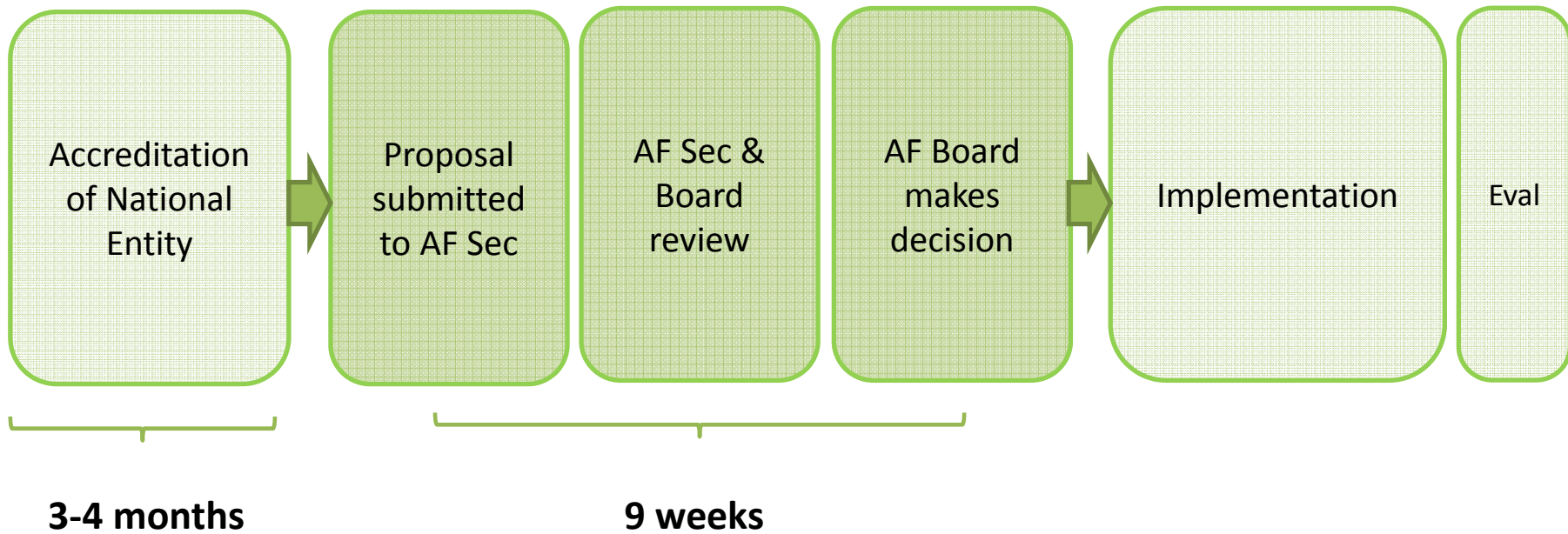
10 Multilateral Implementing Entities

- The World Bank, ADB, AfDB, IADB, UNDP, UNEP, IFAD, WFP, WMO, UNESCO



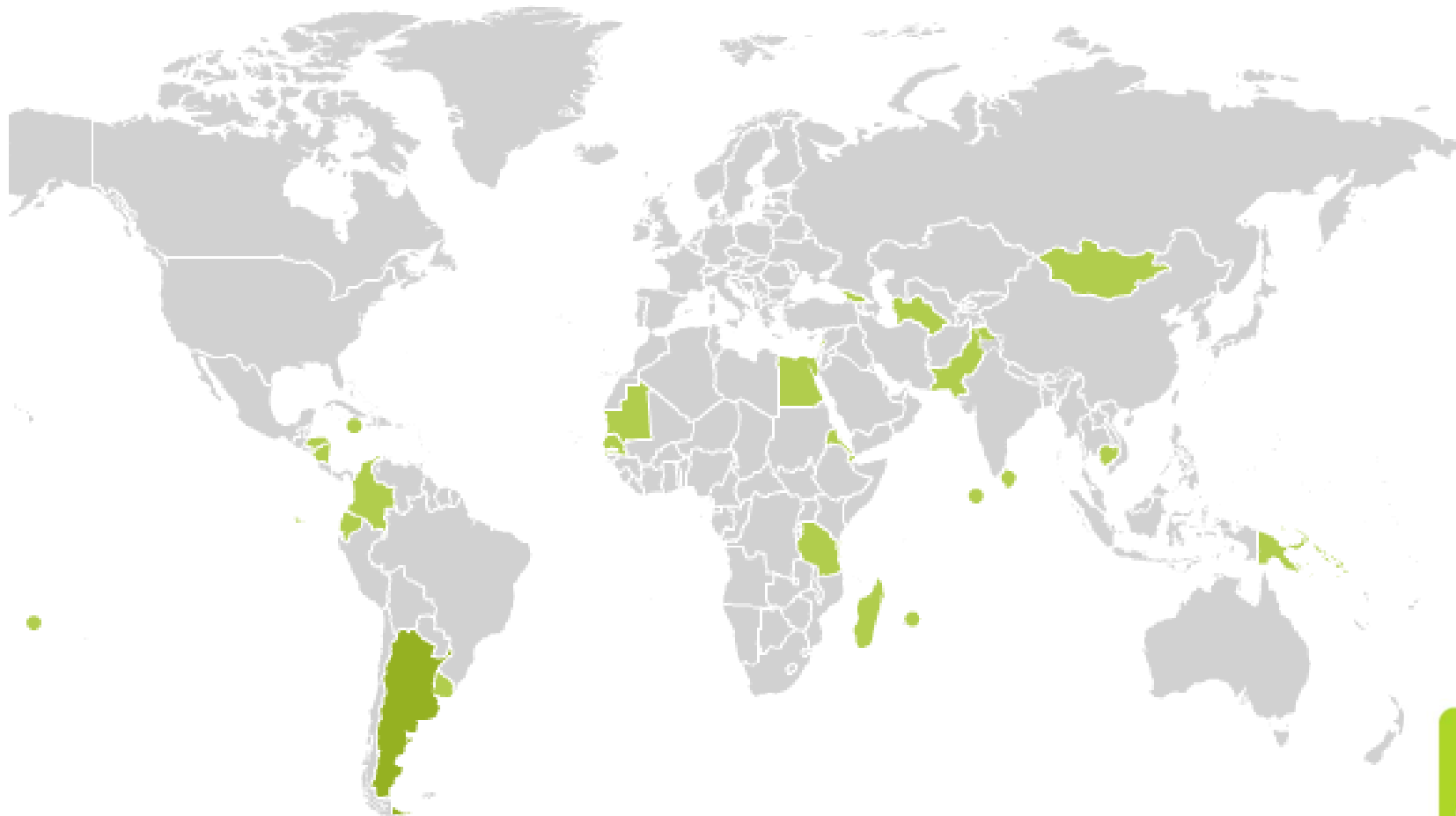
Efficient decision-making beneficial to developing countries seeking finance

SIMPLIFIED PROJECT CYCLE

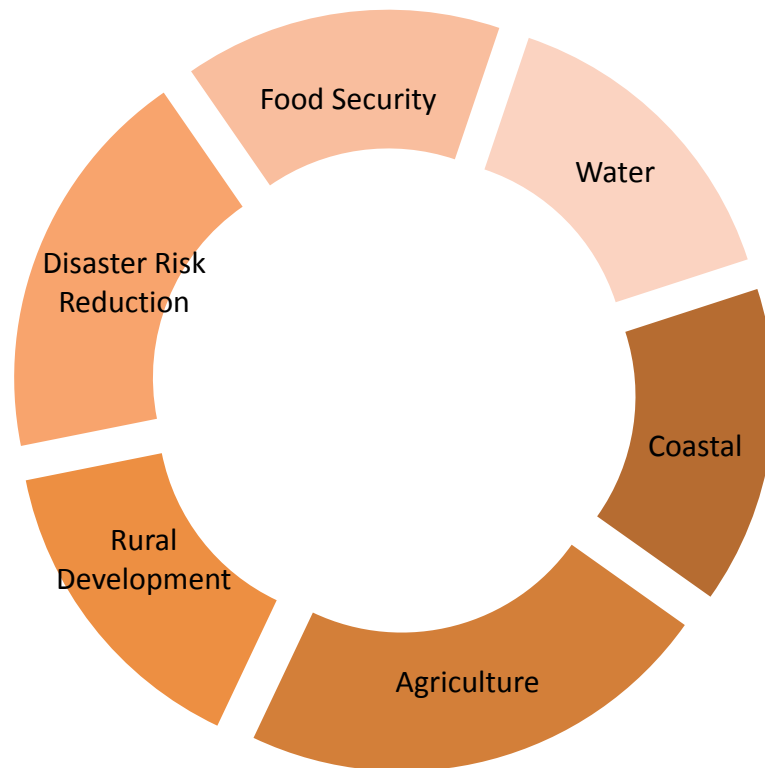


Since 2010 the Fund has approved US\$ 184 million for 28 adaptation projects in vulnerable developing countries

- All **developing countries are eligible** to access funding



The project portfolio covers a diverse range of sectors that reflect the range of local needs and priorities

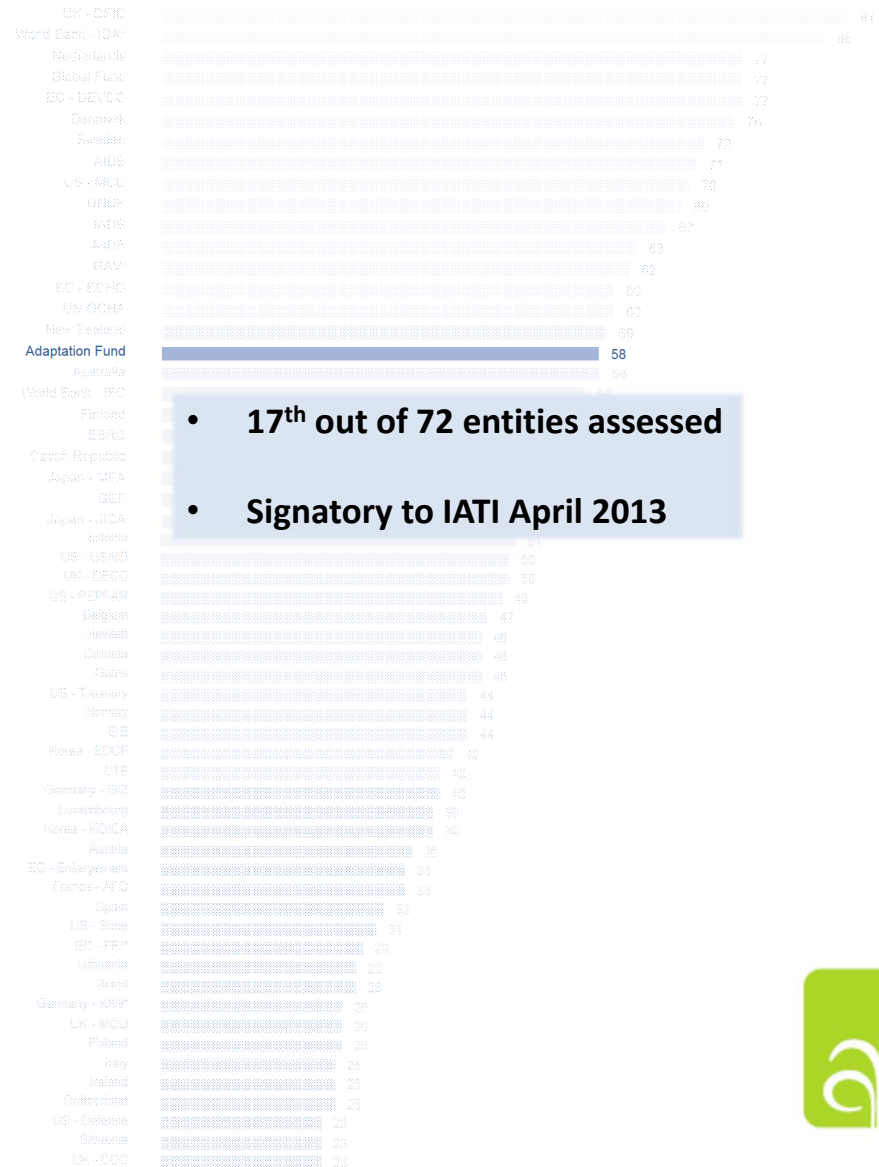


- The Fund **gives freedom to country governments** to decide on the priority sectors and regions



The Fund's commitment and civil society engagement has resulted in enhanced transparency

- AF NGO Network set up by Germanwatch : allows **critique & feedback from local actors**
- Documents are **available online**
- Board meetings are all **open to observers** and **webcast online**
- International Aid Transparency Index ranked the Adaptation Fund **#1 among climate finance institutions assessed in 2012**



- **17th out of 72 entities assessed**
- **Signatory to IATI April 2013**

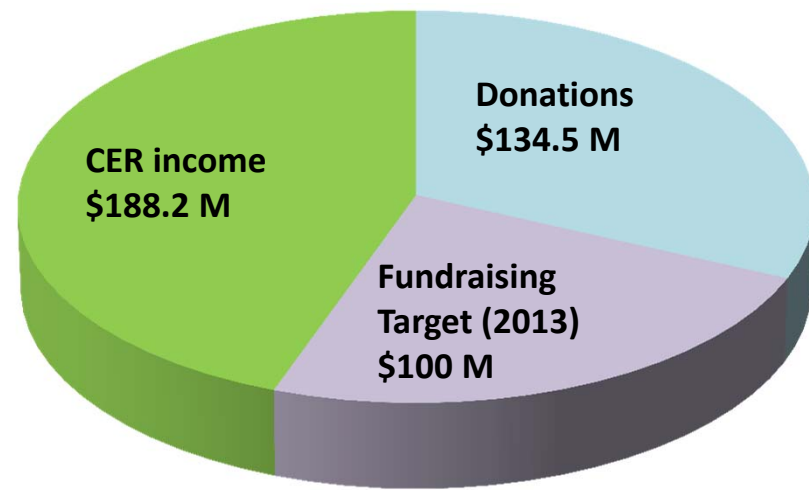
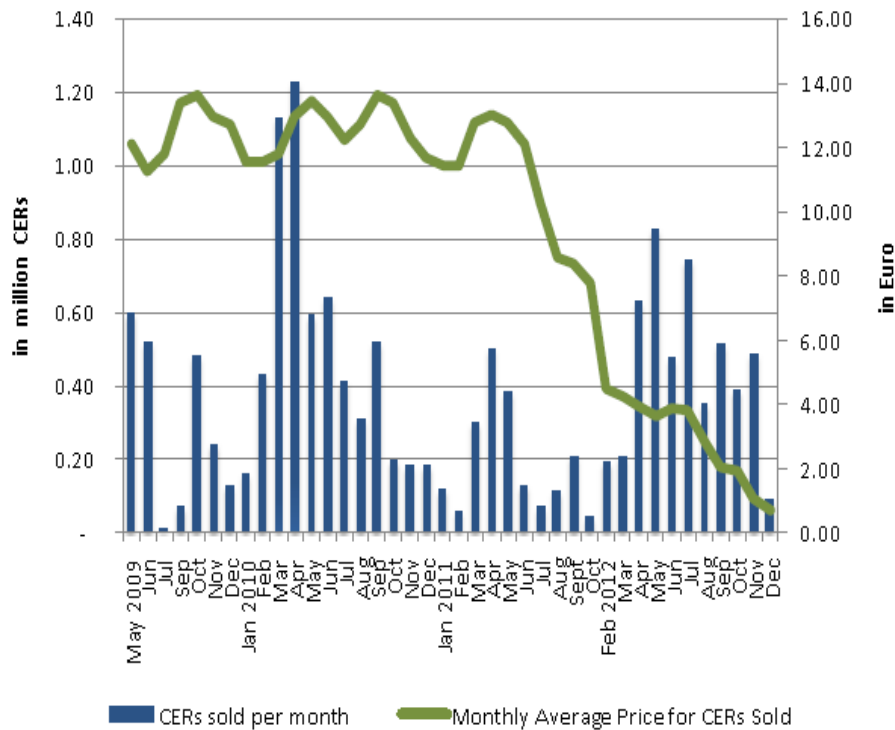


The Fund's main revenue source is CER sales but the collapse of carbon markets means new resources are urgently needed

CER prices have collapsed



The Fund must diversify its income



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- **Building Capacity for Adaptation: Lessons learned**



Lesson 1: The Fund has a mandate to finance concrete adaptation activities, but provides capacity building through its projects and programmes

- **Concrete Adaptation Project:**

“a set of activities aimed at addressing the adverse impacts of and risks posed by climate change. The activities shall aim at producing **visible and tangible results** on the ground by reducing vulnerability and increasing the adaptive capacity of human and natural systems to respond to the impacts of climate change...”

- Projects/programmes typically include components on early warning systems, coastal erosion defences, flood management, livelihoods diversification, agriculture but also include capacity building, policy, to mainstream results

Challenge: How to balance hard/soft adaptation components to address:

- (i) **urgent adaptation needs** in the vulnerable communities
- (ii) achieving concrete results **at scale?**



Lesson 2: Learning-by-doing may be more effective than upstream institutional capacity building

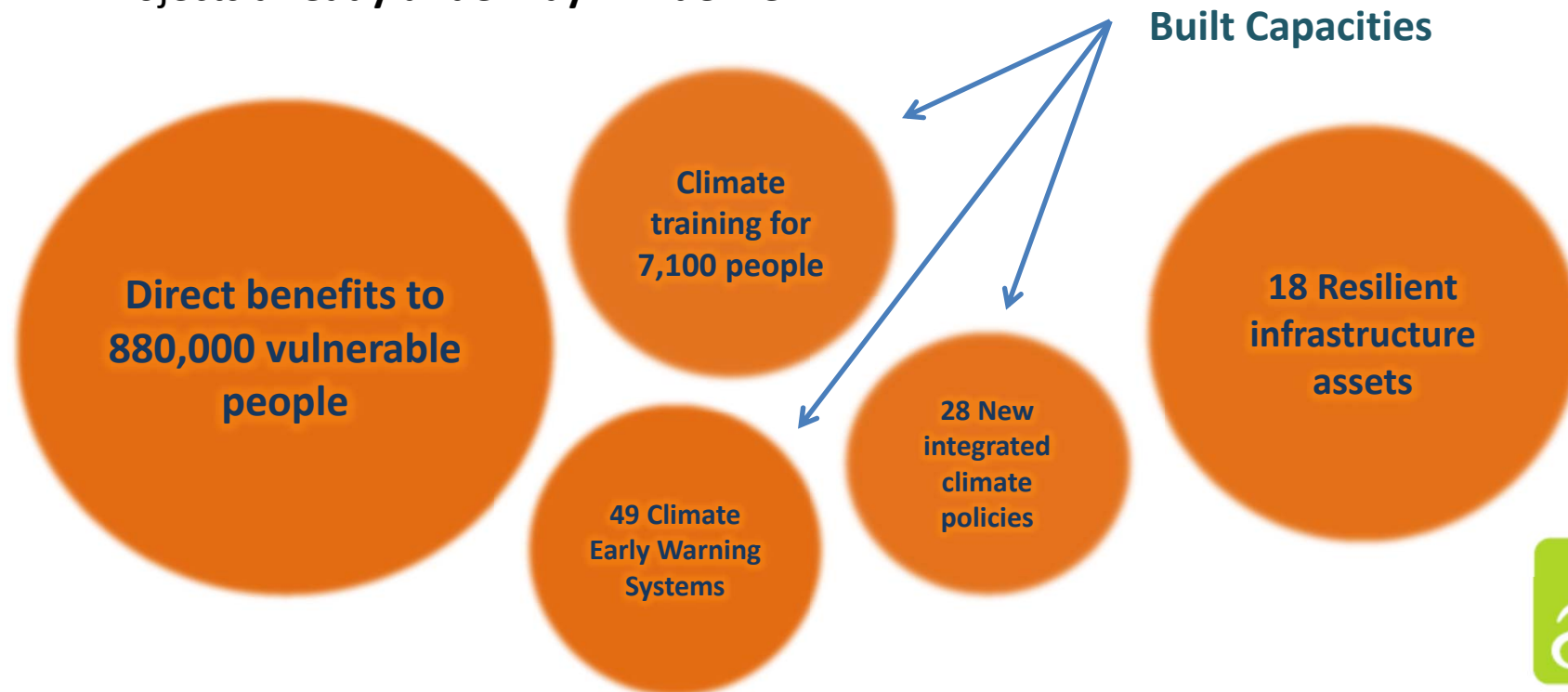
Direct access is building capacities of national implementing entities at different levels:

- **Institutional**
 - *“Direct access provides developing countries with the opportunity to strengthen local capacity and to build on local expertise”* (Fundecooperacion, **NIE, Costa Rica**)
- **Planning**
 - *“Direct access has enabled the development of high level integration in adaptation approaches and the mainstreaming of CC Adaptation throughout South Africa’s development”* (SANBI, **NIE, South Africa**)
- **Design and implementation of Adaptation actions**
 - *“The exercise [of selecting the project in an open an competitive process] has enhanced the transparency of the allocation of funding for national adaptation priorities”*
(NIE of the Adaptation Fund)



Lesson 3: A focus on results means project successes and cost-effectiveness can be measured and demonstrated

- **Results tracked** since February 2011
- **Performance-based disbursement:** funding tranches based on progress
- Projects **already underway will deliver...**





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