



ADAPTATION FUND

Lessons Learned from the Adaptation Fund

Webinar on Long-Term Finance

21 September 2012

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Outline of presentation

- **Funds for adaptation**
- **The Adaptation Fund**
 - **Direct Access**
 - **Streamlined procedures, effective governance**
 - **Transparency and inclusion**
 - **Performance based management**
- **Lessons learned**



Funds that support adaptation

- **Under UNFCCC: LDCF, SCCF ... GCF**
- **Under Kyoto Protocol: Adaptation Fund**
- **Adaptation funds not under UNFCCC:**
 - Pilot Program for Climate Resilience
 - Africa Adaptation Programme, bilateral funds
- **Need for finance in Non-Annex I countries:
e.g. WB estimate US\$ 70-100 Billion per year**
- **Available finance in funds dedicated to
adaptation: < US\$ 3 billion?**



The Adaptation Fund

- **Finances concrete adaptation projects on a full cost of adaptation basis**
- **Funded by 2% levy on CERs and other sources of funding: total funds currently US\$ 306 million**
- **Allows direct access to its resources to accredited entities (alongside MIEs, RIEs)**
- **Independent governing body: equitable and balanced representation**
- **Fully operational in 2009, first project approvals in 2010**
- **Legal capacity in Germany**
- **Interim secretariat and trustee arrangements**



Direct Access

- **Accreditation of national entities to receive funds directly**
- **Use of country systems (Paris Declaration)**
 - country ownership
 - cost savings
- **Fiduciary standards**
- **Accreditation Panel and the accreditation process**
- **Other funds following suit: GEF, GCF**



Streamlined procedures and effective governance (1)

Swift processes:

- **Accreditation: panel can recommend accreditation within 3 months**
- **Project review: proponents receive decision within 3 months**
- **Choice of 1-step or 2-step proposal submission process**

Efficient governance:

- **Accreditation: AP granted high degree of independence, AFB follows recommendations**
- **Project review: PPRC discusses all proposals, follows AFBSEC recommendations increasingly**



Streamlined procedures and effective governance (2)

Transparency and inclusive processes:

- Board meetings webcast, open to observers
- Regular dialogue with the civil society
- Project reviews posted online before meetings
- Complaint-handling mechanism

Performance based management:

- Annual reporting (minimal delay)
- Subsequent funding tranches released after clearance of reports



Progress so far

- **Accreditation:**
 - 12 accredited NIEs, 10 MIEs, 1 RIE
 - 5 NIEs received direct funding (3 projects, 2 project formulation grants)
 - 10 NIE applications being reviewed
- **Projects:**
 - 25 approved projects (USD 166M)
 - 11 endorsed concepts



Lessons for the future

- **Inadequacy of adaptation finance**
- **Absorptive capacity of countries**
- **LDCs and SIDS can utilize direct access**
- **Learning by doing is effective**
- **Multiple benefits of accreditation process for direct access**

