

PCCB2 – Adaptation Fund intervention

May 3, 2018, Bonn, Germany

The Adaptation Fund has the mandate to finance concrete adaptation projects in vulnerable developing countries, and during its 10 years of operations, its portfolio has grown to 73 projects with a total value of ca. half a billion dollars and it has supported 76 countries. Despite the focus on concrete projects, the Fund has increased countries ability to access funds and to implement quality projects since the very beginning through the capacity building delivered under the Readiness program.

Readiness program

- Readiness and capacity building support under the AF has been needs based and has followed a country-driven approach to providing and delivering support to developing countries; the AFB responded to demand by developing countries to enhance understanding of the requirements for accreditation as a NIE and the need to raise awareness of the Funds Direct Access modality by establishing the Readiness Program for Climate Finance officially launched in 2014, made as a permanent feature by the Board aimed at addressing access to the Fund's resources through Direct Access
- Medium-term Strategy (MTS), recently approved by the Board, focuses on Action, Innovation and Learning and Sharing, is also exploring ways to provide capacity building support during the implementation of projects and programs through grants
- The AF Secretariat has had global physical presence and direct interaction with developing country representatives through hosting regional workshops in almost all developing country geographic regions and has facilitated face-to-face interaction and exchange between the secretariat and stakeholders which has been greatly appreciated by developing countries and it will continue to do so
- Furthermore, the Secretariat promoted direct communication between developing countries and the Fund, including facilitating a Community of Practice that was initiated and driven by implementing entities of the Fund and is used as a tool or platform for NIE to collaborate with each and have a dialogue in a closed space
- The above practices, coupled with using an assortment of instruments to enable capacity building and development, such as grants, seminars, webinars, workshops and guidance documents on Fund policies, processes and procedures, has yielded positive results for readiness support and capacity building efforts
- Partnerships have played a significant role in the successes of the readiness programme and the Adaptation Fund has engaged with multiple stakeholders such as CSOs/NGOs, bi-lateral and multi-lateral organizations, research and development institutions, think tanks, including other funds such as the Green Climate Fund, Global Environment Facility and the World Bank Climate Investment Funds. In addition, the Fund has occasionally partnered with its own implementing entities to support readiness, capacity building and knowledge transfer on specific topics and themes. A key role of the readiness programme has been trying to understand the different challenges and needs of stakeholders, maintaining open and on-going communication with all stakeholders, and retaining enough flexibility to respond timeously to evolving needs and an evolving adaptation space.

Complementarity and collaboration

- Fast-tracking of Implementing Entities to the Green Climate Fund (GCF)
- Complementarity with GCF between the two Secretariats/Board level conversations on coordination of Readiness related work in order to avoid duplication

Identifying opportunities to strengthen capacity at the national, regional and subnational level

- The Adaptation Fund supports strengthening of capacities at regional, national and sub-national level through its projects. Most projects are local in nature, and work with local stakeholders such as local governments and communities. Many projects have activities that tackle capacity issues also at the national level. As a relatively new feature, the Fund has since 2015 financed regional (multi country) projects.
- At the project level, regional projects address challenges at regional level across multiple countries simultaneously, such as capacity building and training done across countries and achieving economies of scale
- Capacity building of entities at national level (For example, NABARD from India got accredited as NIE and by doing so illustrated that it had competencies to manage portfolios of adaptation activities. Subsequently, the Government of India entrusted NABARD as the implementing entity of their national adaptation fund (total portfolio nearly US\$ 100 million), too. NABARD, like more than 10 other AF NIEs, also got fast-track accredited by the GCF due to its earlier accreditation with the AF).
- Regionally, peer-to-peer learning through South-South grants; MTS expanding this and doing country exchanges and project site visits

Recommendations for the portal

- Since last year, the Adaptation Fund has contributed to the Portal, and this year did so comprehensively throughout its portfolio by mapping capacity building activities related to the Readiness program and activities under projects
- Increase search function of portal by region, funding entity
- Take into consideration reporting period of entity

Promoting the development and dissemination of tools and methodologies for the implementation of capacity-building

- **NIE Community of Practice**, initiated and driven by NIEs
- **Climate Finance Ready** (Climate Finance Ready is an online platform for climate finance readiness. The website, created through a strategic partnership of the Adaptation Fund and Climate and Development Knowledge Network (CDKN), provides climate finance practitioners and others with best practices, news articles, links to resources, opportunities for sharing experiences, and more.
- **Accreditation toolkit**: The aim of this toolkit is to provide a practical “how-to” guide to assist countries to assist them in the accreditation process for their national implementing entity (NIE) for the Adaptation Fund. This toolkit includes a number of tools for countries to use when starting the accreditation process for a NIE, including forms, practical case studies and step-by-step-assistance to support a successful conclusion to the accreditation process.

Transparency, human rights, indigenous people knowledge and gender

- The Adaptation Fund early recognized the importance of ensuring that it does not support projects/programmes that result in unnecessary environmental and social harm to the environment and the affected communities. Therefore, in 2013, the Fund established its comprehensive Environment and Social Policy which consists of 15 principles. These 15 Principles include human rights (Principle 4), gender equality and women's empowerment (Principle 5), indigenous peoples (Principle 7). The ESP is integrated with the Fund's existing policies, practices, accreditation, readiness programme and project cycle. Each project/programme of the Fund is screened for their environmental and social impacts, and must be categorized based on its potential environmental and social impact assessment and include a relevant environmental and social risk management plan (ESMP).
- The Adaptation Fund has strived to enhance its **transparency and accountability**. As part of this effort, the Adaptation Fund Board early adopted number of policies and procedures, including the conflict of interest rules for the Board, code of conduct, zero tolerance policy on corruption and fraud, risk management framework and open information policy. The Fund makes available all the project-related documents and Board meeting documents on its website. To further enhance accountability, the Board established the 'Ad Hoc Complaint Handling Mechanism (ACHM)' designed to help responding to complaints raised against a project financed by the Adaptation Fund through a participatory approach.

Project/Programs/Alignment with NDCs

As adaptation actions/needs have not been made mandatory in NDCs, we have had a few proposals mentioning how they align with the country NDC. But in general, we have in our criteria the inclusion of how the project is linked with any related national sustainable development or climate change plan or strategy. And we are seeing more and more the NDCs being mentioned as part of these national strategy documents.

A few examples submitted at AFB31:

- Proposal from IFAD (Cameroon): **Cameroon NDC**: By improving smallholder farmers resilience to climate change while also reducing their greenhouse gas emissions the project is completely aligned with Cameroon's Nationally Determined Contribution. Agriculture and forestry are among Cameroon's priorities for both mitigation and adaptation. Cameroon intends through its NDC to reduce the carbon footprint of its development without slowing its growth, by favouring mitigation options with high co-benefits; strengthen the country's resilience to climate change; bring coherence to its sectoral policies and reinforce its mechanism and implementation tools to facilitate the achievement of these objectives; and mobilize for this purpose all relevant means: financing, technology transfer and capacity building. Most of these objectives will be supported by the project.