



ADAPTATION FUND

**Concrete adaptation projects
– what have we learned?**

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Second Forum of the Standing Committee on Finance
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Outline of Presentation

- **Overview of Climate Finance and the Adaptation Fund**
- Progress and achievements of the Adaptation Fund
- Lessons learned from concrete adaptation projects



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** alongside conventional access through international orgs



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

- Allows developing countries to **access adaptation finance directly** without intermediaries.
- Puts into practice principles of Paris Declaration on Aid Effectiveness :
 - **Ownership**
 - **Harmonization**
 - **Alignment**
 - **Mutual accountability**
 - **Results**
- 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

2013: Environmental and Social Policy



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

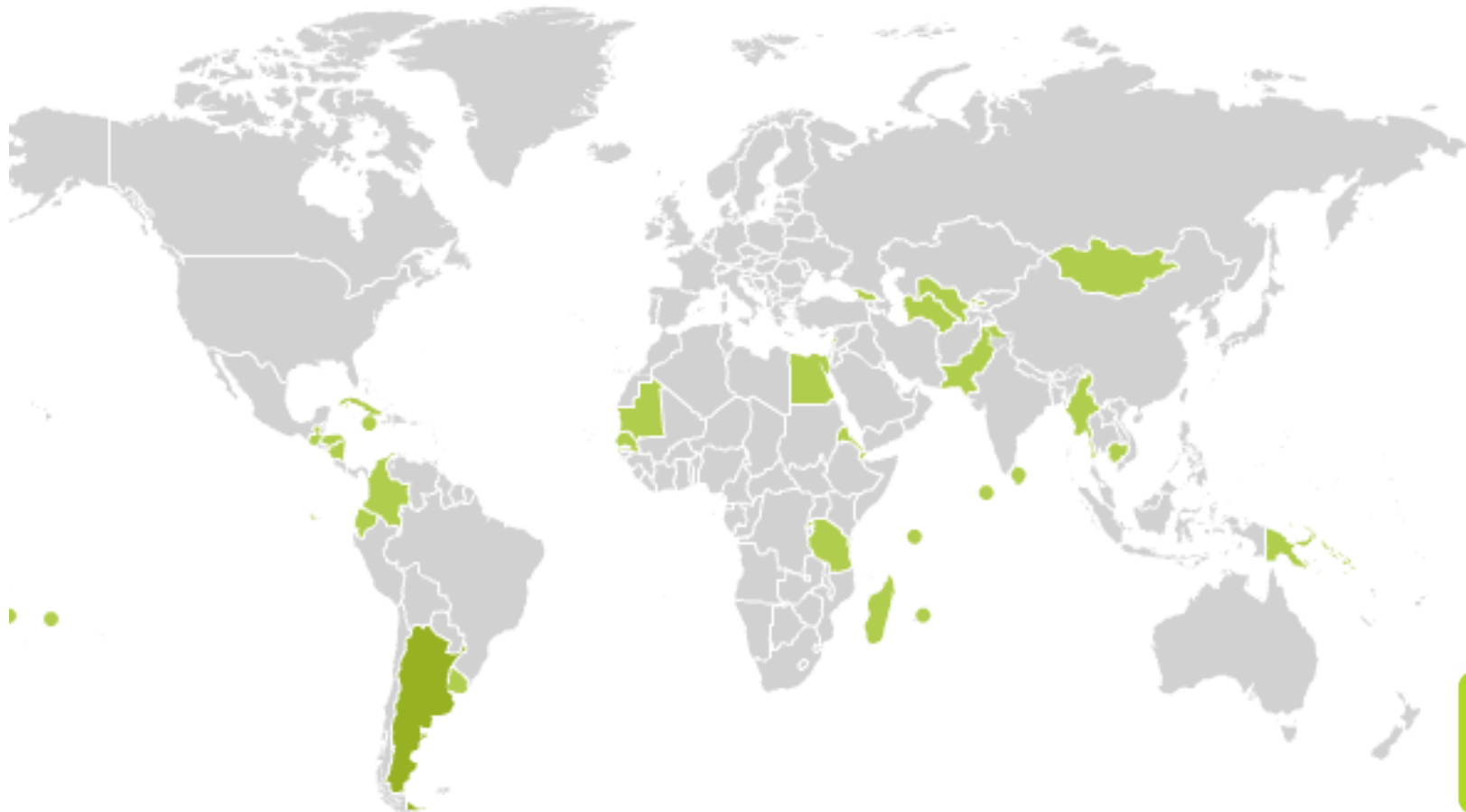


- **4 Regional Implementing Entities**
 - BOAD, OSS, SPREP, CAF
- **11 Multilateral Implementing Entities**
 - The World Bank, ADB, AfDB, IADB, EBRD, UNDP, UNEP, IFAD, WFP, WMO, UNESCO



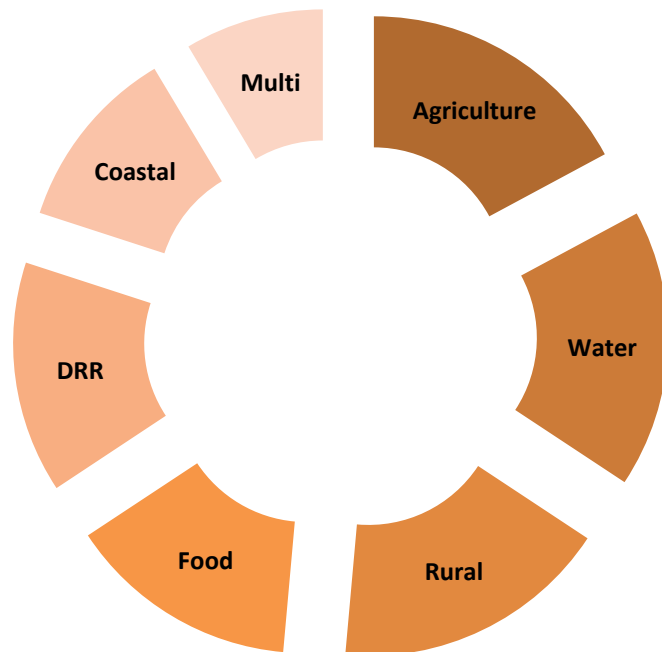
Since 2010 the Fund has approved US\$ 226 million for 34 adaptation projects in vulnerable developing countries

- 29 implemented by MIEs, 5 by NIEs
 - 5 technically cleared MIE projects: ready to be approved pending funds
 - 15 further NIE projects under development



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



For example:

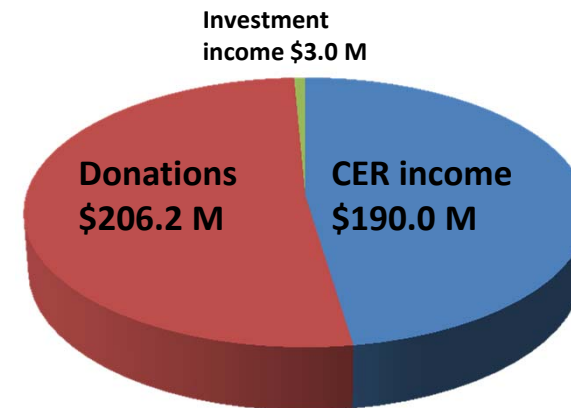
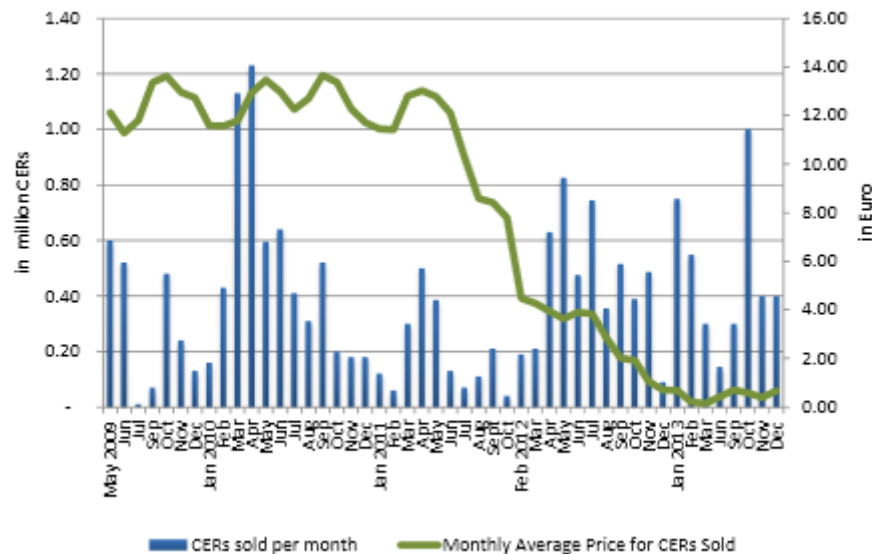


The Fund's main revenue source is CER sales but the collapse of carbon markets means new resources are urgently needed

CER prices have collapsed



Donations now main source of funds



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Lesson 1: Direct access is proving that national entities can successfully implement projects/programmes

At the national level:

- Funds and projects directly managed by countries
- Elevates issues relating to climate change and adaptation to the national level
- Improves intragovernmental collaboration and amplifies stakeholder voices



At the institutional level:

Applicants

- Improve understanding of fiduciary standards
- Identify areas to bolster financial management and accountability
- Shift from following others' rules to having their own rules
- Improve governance by instituting policies against fraud and corruption



Lesson 2: Support for direct access readiness is needed

- AF launched a readiness programme in May 2014 to complement other initiatives
- Common challenges:
 - Selection of an appropriate entity for accreditation (due diligence when reviewing existing institutional capacity)
 - Understanding of and competence in fiduciary standards
 - Human resource constraints
 - Sometimes experience limited to handling smaller projects
- South-South cooperation should be encouraged



Lesson 3: Designing adaptation activities within the context of development: multiple foci needed

- Understanding the big picture
 - Non-climatic challenges in the sector(s)
 - CC scenarios
 - The joint effects of the two
- Balancing resilience at different scales
 - At what levels? *National – regional – local*
 - At which timescales? *Urgent needs vs. sustainability*
 - With which stakeholders? *Public sector, private sector, communities*
 - How to arrange coordination?



Thank you!



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