

Eleventh meeting of the Standing Committee on Finance Bonn, Germany, 28–30 October 2015

Background paper on institutional linkages and relations between the Adaptation Fund and other institutions under the Convention

Expected actions by the Standing Committee on Finance

The Standing Committee on Finance (SCF) will be invited to:

- a) Consider possible recommendations to the Conference of the Parties on this issue, taking into consideration the revised working paper on possible future institutional linkages and relations between the Adaptation Fund and other institutions under the Convention, prepared by the secretariat;
- b) Agree on its report to the twenty-first session of the Conference of the Parties on this agenda item.

I. Possible options/actions for consideration by the SCF

1. Taking into consideration the revised working paper prepared by the secretariat, the SCF may wish to consider the following conclusions and recommendations:

Enhanced relations with the thematic bodies and expert groups under the Convention

2. A review of the on-going collaboration between the Adaptation Fund (AF) and the thematic bodies and expert groups under the Convention, shows that there is value for these institutions to enhance their collaboration with the AF, particularly with respect to climate finance. In this regard the SCF may wish to recommend to the COP to encourage the thematic bodies and expert groups under the Convention to strengthen their collaboration with the AF, with a view to promoting a comprehensive approach to addressing support to adaptation at the level of the Convention.

Institutional linkages and relations with the operating entities of the Financial Mechanism and Funds under the Convention

3. The Adaptation Fund Board, at its 26th meeting, further considered potential linkages between the AF and the Green Climate Fund (GCF). Deliberations on this issue at the AFB were inconclusive in part because a number of key operational procedures are under development by the GCF.
4. The AFB decided to request the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) to invite the Conference of the Parties (COP) in its consideration of guidance to the GCF, to request the GCF Board to consider the issue of potential linkages between the AF and the GCF. Further, the AFB, requests guidance to the CMP on its mandate to decide on linkages with GCF.
5. The AFB also invited its Chair and Vice-chair to continue the discussions with the SCF and the GCF and report to the AFB at its 27th meeting in 2016.
6. As a core issue is the sustainability of financial flows to the AF, the SCF might consider how the discussion fits into the design of the broader future climate architecture. In this context, the SCF may also wish broaden its discussion to include the LDCF and SCCF in its 2016-17 workplan.
7. This further work could include the rationalization of the architecture against criteria to be agreed by the SCF. Possible criteria may include: ensure the predictability of financing, create opportunities for scalability of financing, enhance opportunities for knowledge development, address the different needs of developing countries at different stages of adaptation planning and implementation, minimize administrative costs, promote a streamlined application and approval process, promote synergies and avoid duplication, build on existing capacity, and political and legal feasibility.

II. Background

8. At COP 20, Parties requested the SCF to consider issues related to possible future institutional linkages and relations between the AF and other institutions under the Convention. ¹
9. At SCF 9, this issue was discussed in a breakout group session facilitated by Mr. Richard Sherman and Mr. Mark Storey. The Committee agreed on the following scope of work:
 - a. Possible future relations between the AF and other institutions under the Convention;
 - b. Possible future institutional linkages between the AF and other institutions under the Convention, taking into account any legal and technical implications identified;
 - c. Possible future institutional linkages between the AF and other institutions under the Convention in the broader context of the future financial architecture.
10. The SCF invited its members, observers and thematic bodies under the Convention to make submissions on the issues referred to in paragraph 3(a) and (b) above. A total of 9 submissions have been received and posted on the SCF website.
11. The SCF requested the secretariat to prepare, under the guidance of the co-facilitators, a working paper on possible options for future institutional linkages and relations between the AF and other institutions under the Convention, including the legal and technical implications for each option. The submissions referred to in paragraph 5 above have been taken into account in preparing the working paper.
12. At its 10th meeting the SCF considered a first draft of the working paper and requested the secretariat to complement the information presented in the paper by looking at:
 - a. The timing and timelines of the AFB, GCF Board and other ongoing processes under the Convention (especially the negotiations under the Ad Hoc Working Group on the Durban Platform for Enhanced Action) and their respective impact on each option;
 - b. Further clarification of the legal, institutional and operational implications of the options presented;
 - c. Considering also the other relevant institutions financing adaptation, the Lest Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF).
13. The revised version of the working paper is in the annex.

¹ Decision 6/CP.20, paragraph 22.

Annex**Revised working paper on possible future institutional linkages and relations
between the Adaptation Fund and other institutions under the Convention****I. Background and context**

1. The Adaptation Fund (AF) was established by the Conference of the Parties (COP) to finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Kyoto Protocol.² The Conference of the Parties meeting as Parties to the Kyoto Protocol (CMP) established the AF Board (AFB) as the operating entity of the AF with the mandate to supervise, manage and decide on the policies of the AF.³
2. In addition, Parties decided that the AF will be financed with a share of proceeds from the clean development mechanism (CDM) project activities and other sources of funding.⁴ Due to the current low level of prices of certified emission reductions and the increased demand for funding by developing countries, the AF is experiencing a decrease in the level of its resources. As at the end of August 2015, USD 132.95 million was available for funding decisions by the AFB.⁵ The AFB secretariat estimates that these resources could be depleted by end-2016 for project proposals already being prepared by accredited implementing entities as well as the newly launched pilot programme for regional activities.⁶
3. The AFB approved a fundraising strategy, with the view of addressing the predictability of resources for the AF, and set a resource mobilization target of USD 160 million for the years 2014 and 2015. While pledges and contributions have been made to the AF, as at end August 2015, the AFB had yet to raise USD 95.6 million to meet the resource mobilization target for 2014 and 2015.
4. The Standing Committee on Finance (SCF) was established under the COP to assist the COP in exercising its functions with respect to the Financial Mechanism of the Convention in terms of, inter alia, improving coherence and coordination in the delivery of climate change financing, rationalization of the Financial Mechanism, mobilization of financial resources and measurement, reporting and verification (MRV) of support provided to developing country Parties.⁷
5. COP 20 requested the SCF to consider issues related to possible future institutional linkages and relations between the Adaptation Fund (AF) and other institutions under the Convention.⁸ At its 9th meeting, the SCF initiated its work on this mandate and acknowledged the need for a common understanding of the meaning of “institutional linkages” and “relations” as per the COP mandate.
6. First, the SCF noted that, from a legal point of view, the AF is established under the Kyoto Protocol, which implies that the establishment of any institutional arrangements between the AF and other institutions under the Convention which have legal implications could require decisions both by the CMP and the COP, while “relations” would not.
7. Additionally, members agreed that, from a technical and operational point of view, institutional linkages usually would require some type of formal agreement/decisions of the entities concerned and would address among other, the issues of accountability, roles and responsibilities of the entities, etc. whereas the development of relations between the AFB and the institutions under the Convention would not require any formal agreement between the entities concerned.
8. The SCF also agreed that in the context of the COP mandate, possible future institutional linkages and relations could be explored between the AF and the thematic bodies and expert groups under the

² Decision 10/CP.7, paragraph 1.

³ Decision 1/CMP.3, paragraph 1.

⁴ Decision 10/CP.7, paragraph 2.

⁵ Information from the AFB secretariat.

⁶ See paragraph 15 of document FCCC/KP/CMP/2.

⁷ Decision 2/CP.17, paragraphs 120 to 125.

⁸ Decision 6/CP.20, paragraph 22.

Convention as well as between the AF and the operating entities of the Financial Mechanism and funds under the Convention, i.e. the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF).

9. Having set the context for its work on this mandate, the SCF agreed to look into three main aspects:
 - a. Possible future relations between the AF and the thematic bodies and expert groups under the Convention;
 - b. Possible future institutional linkages and relations between the AF and the operating entities of the Convention, taking into account any legal and technical implications;
 - c. Possible future institutional linkages between the AF and other institutions under the Convention in the broader context of the future climate finance architecture.
10. The SCF invited its members and observers, as well as the thematic bodies under the Convention to make submissions on the issues referred to in paragraph 2a and b above. A total of 8 submissions were received both from SCF members and observers and are available on the SCF webpage.⁹
11. The SCF requested the secretariat to prepare a working paper outlining possible future institutional linkages and relations between the AF and other institutions under the Convention, drawing on different sources of information including the aforementioned submissions, the technical paper produced for the second review of the AF¹⁰ and the outcomes of the deliberations of the Adaptation Fund Board (AFB) on its work related to potential linkages with the Green Climate Fund (GCF).¹¹
12. At its 10th meeting, the SCF considered a first draft of the working paper¹² and requested the secretariat to complement the information presented in the paper by looking at:
 - a. The timing and timelines of the AFB, GCF Board and other ongoing processes under the Convention (especially the negotiations under the Ad Hoc Working Group on the Durban Platform for Enhanced Action) and their respective impact on each option;
 - b. Further clarification of the legal, institutional and operational implications of the options presented;
 - c. Considering also the other relevant institutions financing adaptation, the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF).

⁹ <<http://bit.ly/1JqbSox>>.

¹⁰ FCCC/TP/2014/7.

¹¹ In the context of its discussion on the strategic prospects for the AF, the AFB has been discussing options for potential linkages with the GCF. See AFB documents AFB/B.25/1 and AFB/B.26/5, all available at: <<https://www.adaptation-fund.org/documents-publications/meeting-documents/>>.

¹² Available at <<http://bit.ly/1FQY3hB>>.

II. Background information on options for possible future institutional linkages and relations between the AF and other institutions under the Convention

A. Possible future relations between the Adaptation Fund and the thematic bodies and expert groups under the Convention

13. The AF, through its Board and secretariat, is currently engaged in an active collaboration with the thematic bodies and the expert groups under the Convention, particularly the SCF, the Adaptation Committee (AC) and the Climate Technology Centre and Network (CTCN). This collaboration is undertaken in the form of regular dialogues and exchange of information between these institutions and the AF.
14. There is value for the AF to enhance its collaboration with the thematic bodies and expert groups under the Convention in order to foster a comprehensive approach to adaptation under the Convention. Table 1 below outlines possible modalities for enhancing such collaboration. These modalities are not exhaustive and the AFB and the respective bodies may decide on further modalities for strengthening their collaboration, as appropriate.¹³

Table 1: Possible modalities for strengthening relations between the Adaptation Fund and thematic bodies and expert groups under the Convention

Thematic body / expert group	Existing relation between the AF and the thematic bodies / expert groups	Modalities for further relations ¹⁴
Standing Committee on Finance (SCF)	<ul style="list-style-type: none"> - Dialogue and exchange of information with AFB and its secretariat; - Mutual participation in respective meetings; - Provision of inputs by the AF to the work of the SCF (e.g. the fifth review of the Financial Mechanism). 	<ul style="list-style-type: none"> - Continue to enhance dialogue and exchange of information. - SCF to support the AF in its resource mobilization in line with its mandate on this regard.¹⁵ - Further modalities to be determined, as the SCF develop its workplan for 2016.
Adaptation Committee (AC)	<ul style="list-style-type: none"> - Dialogue and exchange of information with AFB and its secretariat; - Mutual participation in respective meetings; - Contribution by the AF to the work of the AC particularly on, means of implementation for adaptation and on the process to formulate and implement national adaptation plans. 	<ul style="list-style-type: none"> - Continue to enhance dialogue and exchange of information; - Further contribution by the AF to the work of the AC, particularly on the process to formulate and implement National Adaptation Plans (NAPs); - Participation by the AFB in the AC's NAP task force; - Additional modalities to be developed as the AC implements its draft 2016–2018 workplan.¹⁶
Climate Technology Centre and Network (CTCN)	<ul style="list-style-type: none"> - Dialogue and exchange of information between both Boards and secretariats - Mutual participation in respective meetings - NIEs accredited to the AF are invited to request additional technical assistance to the CTCN to contribute to project preparedness during the project design phase of AF's projects - CTCN request proponents are invited to consider developing funding proposals to the AF, when conditions are in place to do so. - Technical feedback by the CTCN to the AF's new regional project funding window. 	<ul style="list-style-type: none"> - Continue to foster dialogue and exchange of information; - Continue to encourage Parties to benefit from the support provided by both entities. - Foster technical review and expertise by the CTCN to AF's project proposals; - Link project preparation grants with support provided by CTCN to countries. - Additional modalities to be developed as the CTCN Advisory Board implements its workplan.¹⁷
Technology Executive Committee	Not yet established	<ul style="list-style-type: none"> - Establish dialogue between the AFB and exchange of information;

¹³ Particularly in light of decision 2/CMP.10, paragraph 6.

¹⁴ Further options and modalities can be established between the Adaptation Fund and the respective thematic bodies and expert groups under the Convention, as appropriate.

¹⁵ Nauru on behalf of the Alliance of Small Island States made this suggestion in the context of the second review of the AF in 2014. The submission is available at: < <http://bit.ly/1YNL3iN>>

¹⁶ Available at: < http://unfccc.int/files/adaptation/groups_committees/adaptation_committee/application/pdf/ac8_9_workplan.pdf>

¹⁷ Available: < <http://ctc-n.org/file/115>>

Thematic body / expert group	Existing relation between the AF and the thematic bodies / expert groups	Modalities for further relations ¹⁴
		<ul style="list-style-type: none"> - Contribution by the AF to the work of the TEC on adaptation, particularly in the context of TEC's work on thematic dialogue on enablers and barriers to south-south collaboration on technologies for adaptation; - Additional modalities to be defined once the TEC elaborates its workplan for 2016 and 2017.
Least developed countries Expert Group	- Participation and contribution by the AFB secretariat in the NAP expo.	<ul style="list-style-type: none"> - The LEG and the AFB to enhance dialogue on matters related to the LDCs - Participation in respective meetings - The LEG could inform the AFB with regard to its support to LDCs both in terms of readiness and projects/programme assessment. - Additional modalities to be defined, subject to renewal of the mandate of the LEG at COP 21.
Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts	Not yet established.	<ul style="list-style-type: none"> - AFB to initiate the dialogue with the ExCom Chairs in order to discuss possible areas of collaboration, taking into account the initial two-year workplan of the Executive Committee.¹⁸

B. Possible future institutional linkages and relations between the Adaptation Fund and the operating entities of the Financial Mechanism and the funds under the Convention

i. Options for institutional linkages and relation between the AF and the Green Climate Fund

15. Since its establishment, the GCF has maintained a close collaboration with the AF. For instance:
 - a. The AF and the GCF collaborated in the development of the GCF's initial accreditation framework, including its initial fiduciary principles and interim environmental and social safeguards, which the GCF Board adopted at its 7th meeting in May 2014. This collaboration facilitated understanding in the development of the GCF's "fit-for-purpose" approach to its accreditation framework;
 - b. The GCF secretariat has participated in meetings of the AFB as well as the seminars and workshops organized by the AFB secretariat in the context of its readiness programme, while the AFB secretariat is currently registered as an observer at GCF Board meetings;
 - c. At its 8th and 10th meeting the GCF Board decided that entities that are accredited to the AF up to July 2015 and in full compliance with the AF's fiduciary standards are eligible to apply for accreditation to the GCF under the fast-track accreditation process. By end of July 2015, five NIEs, one RIE and six MIEs of the AF were accredited by the GCF through the fast-track modality.
16. The Governing Instrument (GI) of the GCF provides that the GCF Board is to develop methods to enhance complementarity between the activities of the Fund and those of other relevant bilateral, regional, and global funding mechanisms and institutions, in order to better mobilize the full range of financial and technical capacities.¹⁹
17. Two tiers of options for enhanced collaboration between the AF and the GCF can be identified, taking into account SCF's understanding of "relations" and "institutional linkages". At the first tier, there are those options that promote a strengthened collaboration between the funds at various levels without

¹⁸ Available at < http://unfccc.int/adaptation/workstreams/loss_and_damage/items/8805.php>.

¹⁹ Paragraphs 33–35 of the Governing Instrument of the GCF.

necessarily entering in a form of legal agreement for their execution. The second tier of options refers to those options that would necessitate a form of legal arrangement/agreement between the two funds in order to be viable. These options have implications in terms of the decision-making bodies to be involved from the Boards of the respective funds to the CMP and the COP.

18. In terms of options for enhanced “relations” between the AF and the GCF, a regular dialogue and interaction between the secretariats of the two entities will continue to be essential. In this respect, at its 25th meeting, the AFB requested its secretariat to discuss with the GCF secretariat further opportunities for collaboration across relevant operational areas of work, such as readiness support, accreditation, results-based framework and project/programme identification.²⁰
19. Additionally, a continued communication between the AFB and the GCF Board is paramount to maintaining a strategic discussion on ways to improve coherence and enhance synergies and complementarities between the two funds. Accordingly, the GCF and the AFB could establish a joint committee between their respective bodies to further their respective understanding on what would enhance cooperation and complementarity between the AF and the GCF imply beyond the current level of cooperation.
20. There are two main options for institutional linkages between the AF and the GCF that have been identified and are currently being examined by the AFB in the context of its discussions on the strategic prospects for the AF. These options would both make the AF as a disbursement channel of the GCF, whereby the GCF would distribute part of its resources to the AF to fund concrete small scale adaptation projects in developing countries. These options include:
 - d. The accreditation of the AF to the GCF; and
 - e. The option of entering in some form of memorandum of understanding (MOU) or legal agreement under which the AF could programme GCF resources.
21. The AFB requested its secretariat to provide an analysis of the implications of the above mentioned options from a legal, operational and financial perspective. Table 2 below gives an overview of the possible implications of these options as identified by the AFB secretariat.²¹

Table 2: Overview of possible legal, operational and financial implications of scenarios for linking the AF and the GCF being examined by the AFB

Scenario	Possible implications
Accreditation of the AF as an intermediary of the GCF	<p>Legal</p> <ul style="list-style-type: none"> • Need for a guidance by the CMP • Amendments in the terms and conditions of the AF Trustee to allow for transfer of resources from GCF, to be agreed by the CMP and the AF Trustee • Need for a separate legal agreement between the AF Trustee and the GCF in order to accept GCF funds in the AF trust fund • Possible additional implications on the role of the AFB as an intermediary of the GCF to be arise as the GCF defines the role of intermediaries <p>Operational</p> <ul style="list-style-type: none"> • Need to clarify which policies and procedures will apply to projects/programmes funded with GCF-contributed funds (i.e. review criteria, reporting responsibilities, fees, RBM), or take precedence in the event of inconsistencies <p>Financial</p> <ul style="list-style-type: none"> • Accreditation fees to be incurred by the AFB • Funds transferred to the AF trust fund cannot be earmarked for specific purposes; • Follow the transfer of funds to the AF trust fund, the trustee could transfer funds only to AF accredited entities; • No transfer of liquid balances in AF trust would be possible as it may be difficult to track and return any investment, income, loss in respect of GCF funds transferred to the AF trust fund
Memorandum of	<ul style="list-style-type: none"> • Need for guidance from the CMP

²⁰ AFB decision B.25/26, available at: < <http://www.adaptation-fund.org/wp-content/uploads/2015/06/AFB.B.25.7-Decisions.pdf>>

²¹ See AFB document AFB/B.26/5 available at :< <https://www.adaptation-fund.org/meeting/26th-afb-meeting/>>.

<p>understanding or legal agreement to programme GCF funds</p>	<ul style="list-style-type: none"> • A negotiation between representatives of the two funds will define the terms and conditions of the MOU/legal agreement. • More flexibility for the two funds to agree upon specific or differentiated requirements, • Need for political will from both parties to engage in a negotiation process. • Legal, operational and financial implications explained above to apply <i>mutatis mutandi</i>
--	--

22. In addition, the AFB, at its most recent 26th meeting, further considered the legal implications of the accreditation of the AF as intermediary of the GCF, while noting that the potentially different roles and responsibilities of intermediaries and implementing entities have yet to be defined by the GCF. These include aspects such as the role of intermediaries with respect to accountability for implementation and supervisory roles, which have varying capacity requirements.²²
23. From a legal perspective, it is to be noted that in line with the agreed working definition of institutional linkage as well as the mandate of the AFB as included in decision 1/CMP.3, should the AFB wants to pursue either of the options mentioned above it the may want to consider seeking the guidance from the CMP. Moreover, from the GCF perspective, the decision on either to accredit the AF as an intermediary to the GCF or to enter in a form of legal agreement with the AFB for the AF to programme GCF funds is within the remit of the GCF Board, as per paragraph 34 of the GI of the GCF. That said, since the AF is under the Kyoto Protocol and that some of the donors to the GCF are not Parties to the Kyoto Protocol, the GCF Board may need to seek guidance from the COP before it implements the options that consider the AF as a disbursement channel of the GCF.²³
2. In addition to the two options above, another option for institutional linkage between the AF and the GCF that was outlined in a submission by an observer is that of institutional integration of the AF within the GCF.²⁴ Under this option different degrees of integration could be envisaged, ranging from the absorption of the AF into the GCF to becoming a sub-fund or window under the GCF that will be dedicated to concrete adaptation projects/programmes of a certain size, direct access, etc.²⁵
24. The submission emphasized that with the AF becoming GCF’s “adaptation window” or at least part of it, the GCF could benefit from the experiences from the AF, particularly in the context of building resilience for the most vulnerable communities. However, the submission also highlighted that this option would be difficult to implement taking into account institutional, political and legal implications. Accordingly, an assessment by the AFB secretariat emphasized that it may be difficult to “integrate” aspects such as the project portfolio under implementation, the governing body and the secretariat. Furthermore, the assessment emphasized that the option of “integration of the AF within the GCF” may require the full operationalization of the GCF.²⁶ Whilst integration of the AF within the GCF would be facilitated by the full operationalization of the GCF, the GCF Board may wish to consider the advantages of establishing forms of early linkages with the AF, with the view to developing a long-term strategy.
25. In terms of the decision making process, the GI of the GCF gives the prerogative to the GCF Board to establish additional thematic windows and/or substructures to address specific activities, as appropriate. Furthermore, such an option would also require an approval from the CMP, as it might entail in the long-term, a closure of the AF in case of an absorption by the GCF.²⁷

²² Same as footnote 21 above.

²³ Submission from Germanwatch available at: <<http://bit.ly/1L6CVAN>>

²⁴ Same as footnote 22 above.

²⁵ See AFB document AFB/B.25/Inf.6, available at: <http://www.adaptation-fund.org/wp-content/uploads/2015/04/AFB.B.25.Inf._6-Potential-linkages-between-AF-GCF.pdf>.

²⁶ Same as footnote 24 above.

²⁷ Submission from Germanwatch available at: <<http://bit.ly/1L6CVAN>>

ii. Options for institutional linkages and relations between the Adaptation Fund and the Global Environment Facility including the Least Developed Countries Fund and the Special Climate Change Fund

26. Since 2008, the GEF has been providing secretariat services to the AFB, on an interim basis. Initially, the GEF provided substantial support as interim secretariat of the AFB in order for it to establish basic administrative, institutional, policy and legal architecture. As the AF became fully operational in 2009, the GEF continues to support the independent AFB secretariat in reviewing project/programme proposals under the AF. Moreover, the GEF and AFB secretariats have discussed issues related to monitoring and evaluation, in particular looking at how best to measure adaptive capacity and increased resilience, as well as exchange of information on accreditation, readiness and direct access for enabling activities.
27. There is also precedent for collaboration between the AF and the LDCF at the project level, where the two Funds are co-financing different aspect of the same adaptation project.²⁸ This can reduce costs, create synergies and avoid duplication of efforts in relation to capacity strengthening for non-governmental organizations and academic institutions, as well as in relation to administrative issues including joint procurement. This example may provide insight into issues coherence and complementarity between Funds.
28. Similarly, as long as GEF continues with its mandate as host of the interim secretariat of the AFB secretariat, opportunities for further enhancing technical support and administrative backstopping may continue to be discussed.
29. There may be also possibility for linking the funding from the AF with those of the GEF Trust Fund and the SCCF, with the view of enhancing projects and programmes with mitigation and adaptation co-benefits.
30. Further linkages between the AF and the operating entities of the Financial Mechanism and the funds under the Convention may be developed taking into account the operational features of the AF and these funding institutions as presented in table 3 below.

²⁸ Project on Implementation of Concrete Adaptation Measures to Reduce Vulnerability of Livelihood and Economy of Coastal Communities in Tanzania. Further information is available at: <<http://www.adaptation-fund.org/wp-content/uploads/2015/01/ilovepdf.com-8.pdf>>

Table 3: Overview of some operational features of the AF and the other funding mechanisms for adaptation under the Convention

Fund	Mandate	Recipient countries Geographical distribution	Level of resources available	Financing Mechanism	Access modalities	Resource allocation	Financial Instruments	Funding scale
Adaptation Fund	To finance concrete adaptation projects and programmes that are country driven and are based on the needs, views and priorities of eligible Parties	Developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change	USD 129.9 million, at the end of June 2015.	Financed from the share of proceeds on the clean development mechanism project activities and other sources (mostly voluntary contribution from Donors)	Direct access through NIEs and/or RIEs (Pilot)Enhanced direct access (Readiness Programme) International access through Multilateral Implementing Entities	50/50 allocation of resources between direct and international access For direct access: Cap of USD 10 million per countries to access either through NIEs or RIEs	Grants (No co-financing requirements)	Small-size: Projects/programme up to USD 1 million Regular size: Projects/programmes above USD 1 million
Least Developed Countries Fund (managed by the GEF)	To support the LDC work programme including the preparation and implementation of NAPAs	Least developing country Parties(LDCs) to the Convention	USD 10 million as at 30 June 2015	Voluntary contributions from donors	International access through GEF implementing and project agencies	Cap of USD 30 million per each country	Grants (co-financing required on a case by case basis)	Medium size (MSP): projects/programmes up to USD 2 million Full size (FSP): Projects/programmes over USD 2 million
Special Climate Change Fund (managed by the GEF)	To finance activities, programmes and measures, relating to climate change, that are complementary to those funded by the resources allocated to the climate change focal area of GEF and by bilateral and multilateral funding including in adaptation.	Non-LDC Parties to the Convention	USD 4.2 million (of which USD 2.9 for adaptation window) as at 30 June 2015	Voluntary contributions from Donors	International access through GEF implementing and project agencies		Grants (co-financing required on a case by case basis)	Medium-size (MSP): project/programmes up to USD 1 million Full-size (FSP): projects/programmes over USD 1 million
Green Climate Fund	To promote a paradigm shift towards (...) climate-resilient development pathways by providing support to developing countries to (...) adapt to the impacts of climate change.	Developing country Parties to the Convention	USD 10.3 billion in pledges of which USD 5.76 billion have turned in contributions	Initial Resource Mobilization currently on-going to be followed by a regular replenishment process.	Direct access through NIEs; (Pilot) Enhanced direct access (Readiness programme) International access	General allocation framework: 50/50 allocation between mitigation and adaptation and 50% of adaptation portfolio to be allocated for LDCs, SIDS and African States	Grants Concessional loans Guarantees Equity Co-financing required	Micro: USD 0–10 million Small: above USD 10 million–50 million Medium: above USD 50 million–250 million Large: above 250 million

C. Further issues to consider on institutional linkages and relations between the AF and other institutions under the Convention in the context of the future climate finance architecture

31. The submissions by SCF members and observers suggest a number of common themes that may be useful in setting objectives for the development of linkages between the AF and other institutions under the Convention. These include, for example, ensuring that the financing architecture meets the needs of developing countries, particularly the most vulnerable people and communities, in a coherent and coordinated manner. Achieving this objective may entail:
 - a. A clear distinction of roles and niches in supporting adaptation by the different mechanisms of the financial architecture to increase the ease of access, especially by direct and national entities. For example, one submission elaborates on the fact that as the GCF's objective of supporting a paradigm shift in developing countries signals a stronger focus on large-scale approaches such as programmatic long-term large scale intervention, the role of the AF may be to focus on activities requiring small, urgent and concrete interventions;
 - b. A financial architecture that is streamlined in terms of low administrative costs, complementarity and joint efforts for common activities such as knowledge development, readiness support and capacity building for national entities both in terms of accessing support and in its effective delivery.
 32. It may be useful to establish criteria for the identification and assessment of options for linkages, in line with an objective for why such linkages would be desired. These can include options which: increase the predictability of financing, create opportunities for scalability, enhance opportunities for knowledge development, address the different needs of developing countries at different stages of adaptation planning and implementation, minimizes administrative costs, promotes a streamlined application and approval process, promotes synergies and avoids duplication, builds on existing capacity, and political and legal feasibility. Such an exercise could be done in the context of the review of the Financial Mechanism.
-