



ADAPTATION FUND

Accessing Resources from the Adaptation Fund

Purpose of presentation

- Current state of progress with the Adaptation Fund
 - a) AF is fully operationalized
 - b) Direct access – a reality
- Level of finance available:
 - a) As of December 10, 2010 USD 147.7M
 - b) By end-2012: medium estimate USD 372M (low: 318M; high: 434M)



Governing Body: the AF Board

- The Board is composed of 16 members and their alternate members representing Parties
- Subsidiary bodies:
 - Project and Programme Review Committee (PPRC)
 - Ethics and Finance Committee (EFC)
 - Accreditation Panel



Project and Programme Review Committee

- Proposals endorsed/approved:
 - NIEs: 1 endorsed concept → 1 approved proposal
 - MIEs: 11 endorsed concepts, 3 approved proposals

- Projects in pipeline:
 - NIE: 0
 - MIE: 9 endorsed concepts



Where are we now: operations

- AFB meetings on 16-17 September 2010 and 13-15 December 2010: 4 funding approvals
 - Coastal protection and livelihoods in Senegal (CSE, direct access, 2-step process): USD 8,619,000
 - Water management in Honduras (UNDP, 1-step process): USD 5,630,300
 - Reduction of Risks and Vulnerability from Floods and Droughts in Nicaragua (UNDP, 2-step process): USD 5,500, 950
 - Reducing Risks and Vulnerabilities from Glacier Lake Outburst Floods in Northern Pakistan (UNDP, 2-step process): USD 3,906,000
- Endorsed concepts(Guatemala, Madagascar, Mongolia, Solomon Is., Ecuador, Cook Is., Georgia, Maldives, El Salvador)
- Variety of sectors: coastal management, water management, agriculture, food security, DRR, etc.



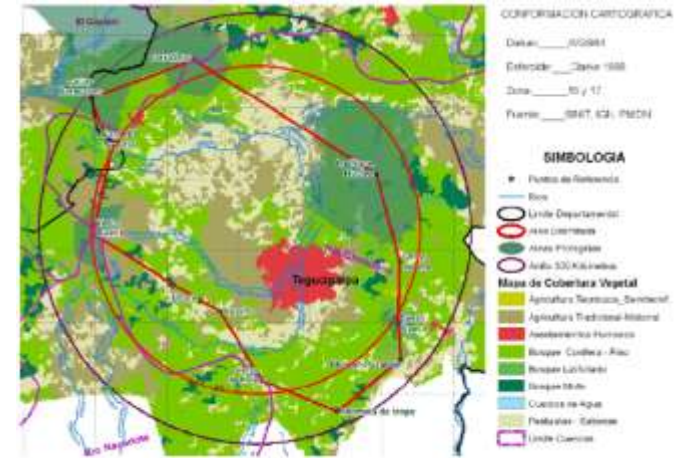
Senegal – Adaptation to coastal erosion in vulnerable areas

- Budget: USD 8,619,000
- Implemented by the first NIE, CSE
- Contributes to the protection of the physical structures as well as livelihoods in three coastal areas in Senegal.
- Submitted in a 2-step process



Honduras – Addressing Climate Change Risks on Water Resources

- Budget: USD 5,630,300
- Implemented by an MIE, UNDP
- Increase resilience to CC water-related risks in the most vulnerable population in Honduras through pilot activities and mainstreaming CC considerations into the water sector.
- Submitted in a 1-step process



Projects by sector

- All proposals received / endorsed:
 - Water management 7 / 4
 - Coastal management 5 / 1
 - Food security 4 / 2
 - Rural development 3 / 2
 - Urban development 2 / 1
 - Agriculture 2 / 1
 - Disaster Risk Reduction 6 / 4



Projects by region

- All proposals received / endorsed:

	Concept	Full project
– Africa	7 / 2	4/1
– Asia & Pacific	10 / 5	3/1
– Eastern Europe	1 / 1	
– Latin America & Caribbean	4 / 4	2/2
– LDCs	5 / 3	3/1
– SIDS	7 / 3	2/0



Some reasons for project non-approval

- Inadequate adaptation reasoning (business as usual, or otherwise unclear)
- Avoidance of duplication with past/existing projects not shown
- Lack of information in one or more areas, typically on technical feasibility
- Project set up in an inefficient way
- Project not shown to be country-driven



AF funding for projects and programmes

Some principles:

- Funding provided on full adaptation costs basis of projects and programmes to address the adverse effects of climate change
- AF will finance projects whose principal and explicit aim is to adapt and increase climate resilience
- Accommodation of different country circumstances: no prescribed sectors or approaches

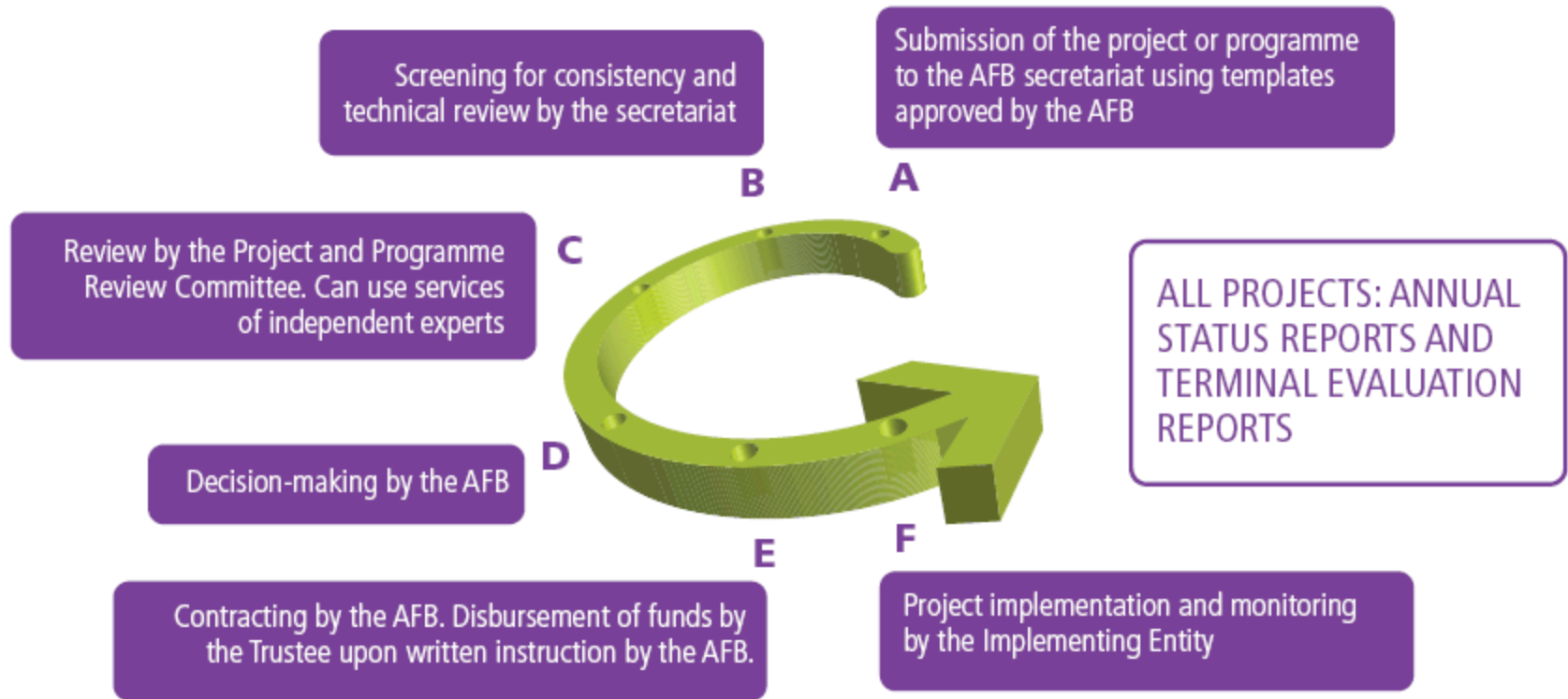


Proposal evaluation: emphasis on...

- Consistency with national sustainable development strategies
- Economic, social and environmental benefits
- Meeting national technical standards
- Cost-effectiveness
- Arrangements for management, financial and risk management, M&E, impact assessment
- Avoiding duplication with other funding sources for adaptation



AFB PROJECT CYCLE



All proposals will be posted on the AF website with a possibility for public commenting

AF project cycle (2):

Simplified review and approval process

- For projects larger than USD 1M, a choice of a one step (full proposal) or two step process (concept approval and project document)
 - For small-scale projects (below USD 1M) one-step process
 - Option to provide Project Formulation Grant to proponents of endorsed concepts under discussion
 - Proposals to be endorsed by a Designated Authority. As of today, 37 countries have nominated one
 - Proposals need to be submitted at least 7 weeks before a Board meeting
 - One round of clarification requests before submission to PPRC
-

Ethics and Finance Committee: main decisions

- Adoption of an approach to Results Based Management (RBM) and a Strategic Results Framework. This will be complemented by:
 - M&E framework and terminal evaluation guideline
 - Guide on project baselines and results frameworks
 - Development of publicly accessible project database



Ethics and Finance Committee: main decisions (2)

- Approval of Code of Conduct for the Adaptation Fund Board
- Implementing entities management fee: cap set at 8.5%
- On-going work on budgeting and work planning



Where are we now: finance

- As of December 10, 2010:
 - Funding availability of US\$ 147.70 million
 - Funds held in trust US\$ 164.66 million
 - 1.6 million CERs in the balance of the Share of Proceeds
- Annex-I parties provide additional finance:
 - Spain €45M, Monaco €10k, Germany €10M, Sweden SK10M
 - Pledges: Australia AU\$ 15M, Brussels Capital Region €1M
- Estimated funds available by end-2012:
 - Medium estimate US\$ 372M (low: 318M; high: 434M)



Accessing AF funding: IE structure

Direct Access Modality

- Eligible Parties can submit their projects **directly** to the AFB through an accredited National Implementing Entity (NIE).
- A group of Parties may also nominate regional and sub-regional entities as implementing entities in lieu of NIE.

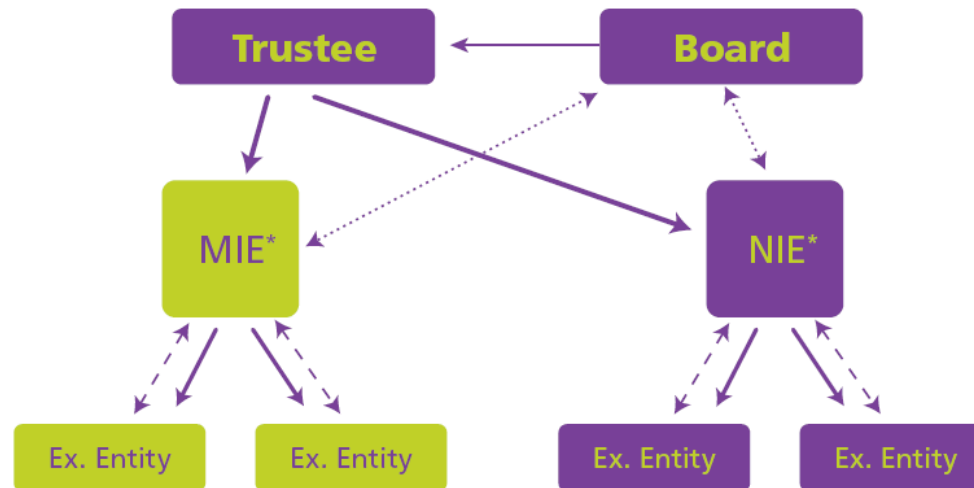
MIE Access Modality

- Parties can submit their proposals through an accredited Multilateral Implementing Entity (MIE).



Accessing AF funding (2)

FIGURE1: MODALITIES FOR ACCESSING RESOURCES OF THE ADAPTATION FUND



- ← FINANCIAL FLOW
- ←.....→ PROPOSAL SUBMISSION AND CONTRACT
- ←- -> PROPOSAL ELABORATION AND OVERSIGHT
- ← INSTRUCTION FROM THE BOARD TO THE TRUSTEE
- DIRECT ACCESS MODALITY

* A Party nominates a National Implementing Entity or it may also nominate a Multilateral entity.



Accessing AF funding (3)

NIE and MIE shall:

- a. Meet the fiduciary standards established by the AFB:
 - Financial management and integrity
 - Institutional capacity
 - Transparency, self-investigative powers and anti-corruption measures
- b. Bear full responsibility for the overall management of the projects and programmes; and
- c. Carry out financial, monitoring and reporting responsibilities.



The Accreditation Panel

- Established by the Board to ensure that organizations receiving Adaptation Fund money meet the fiduciary standards: recommendation to the Board on accreditation, conditional accreditation, suspension or cancellation of accreditation, re-accreditation.
- Two Board members (Chair, Vice-Chair), three external technical experts.
- The Board oversees the work of the Panel.
- The Panel started working in January 2010



Fiduciary Standards (1)

a) Financial Integrity and Management

- i. Accurate and regular recording of transactions and balances, audited periodically by an independent firm or organization
- ii. Managing and disbursing funds efficiently and with safeguards to recipients on a timely basis
- iii. Produce forward-looking plans and budgets
- iv. Legal status to contract with the AF and third parties



Fiduciary Standards (2)

b) Institutional Capacity

- i. Procurement procedures which provide for transparent practices, including on competition
- ii. Capacity to undertake monitoring and evaluation
- iii. Ability to identify, develop and appraise project
- iv. Competence to manage or oversee the execution of the project/programme including ability to manage sub-recipients and support delivery and implementation

c) Transparency and Self-Investigative Powers

Competence to deal with financial mismanagement and others forms of malpractice



The Accreditation Process

- *Step 0:* The government appoints a Designated Authority. DA must endorse the nomination of a potential NIE and the project and programme proposals.
- *Step 1:* Submit application with DA endorsement:
 - a. Description of how the organization meets the specific required capabilities
 - b. Attachment of supporting documentation
- *Step 2:* Accreditation Panel Reviews Application.
- *Step 3:* Panel can request additional information/clarification from organization.
 - a. Might suggest to Board that an on-site visit and /or observation of an organization is required
 - b. Might suggest that technical support needs to be provided to an applicant to improve its capacity in order to attain accreditation
- *Step 4:* Accreditation Panel makes recommendation to AFB.
- *Step 5:* AFB makes final decision on accreditation of entity.



Where are we now: Implementing Entities

- 3 National Implementing Entities accredited:
 - Centre de Suivi Ecologique (Senegal)
 - Planning Institute of Jamaica (Jamaica)
 - Agencia Nacional de Investigación e Innovación (Uruguay)
- 7 Multilateral Implementing Entities accredited:
 - The World Bank, UNDP, UNEP, ADB, IFAD, WFP, WMO
- Swift accreditation process: can be done in 3 months



Why aren't there more NIEs?

Some identified issues:

- The direct access modality and the role of the fiduciary standards not fully understood?
- Identification of the most appropriate / most potential NIE within a country not simple?
- Putting together documentation to support the accreditation application not easy?
- Difficulties due to language barriers?
- Lack of confidence?



More NIEs are needed

- The Accreditation Fund Board has called for the assistance of multilateral and bilateral donors to support the accreditation process in countries
- The Board encourages Parties to seek guidance from the Board / secretariat on establishing NIEs





Thank you!

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