



ADAPTATION FUND

## **Accessing Resources from the Adaptation Fund**

**Side-event in Tianjin Climate Conference**

**5 October 2010**

### **Purpose of presentation**

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- **Current state of progress with the Adaptation Fund**
  - a) AF is fully operationalized
  - b) Direct access – a reality
- **Level of finance available:**
  - a) Currently available USD 156.28M
  - 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 received:
  - National Implementing Entities (NIEs):  
1 concept → 1 fully-developed proposal
  - Multilateral Implementing Entities (MIEs):  
12 concepts, 2 fully-developed proposals
- Proposals endorsed/approved:
  - NIEs: 1 endorsed concept → 1 approved proposal
  - MIEs: 6 endorsed concepts, 1 approved proposal
- Projects in pipeline:
  - NIE: 0
  - MIE: 6 endorsed concepts



## Where are we now: operations

- AFB meeting on 16-17 September 2010: 2 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 5,698,000
- 12 other concepts reviewed, 6 endorsed (Guatemala, Madagascar, Mongolia, Nicaragua, Pakistan, Solomon Is.)
- Variety of sectors: coastal management, water management, agriculture, food security, DRR, etc.



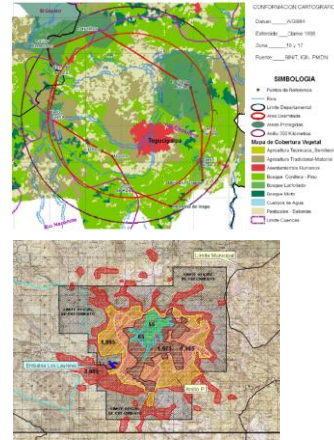
## Senegal – Adaptation to coastal erosion in vulnerable areas

- 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 5,698,000
- 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	5 / 3
– Coastal management	3 / 1
– Food security	2 / 1
– Rural development	1 / 1
– Urban development	1 / 0
– Agriculture	1 / 1
– Disaster Risk Reduction	1 / 1



## Projects by region

- All proposals received / endorsed:
  - Africa 6 / 2
  - Asia & Pacific 5 / 3
  - Eastern Europe 0 / 0
  - Latin America & Caribbean 3 / 3
  - LDCs 4 / 3
  - SIDS 3 / 1



## 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:

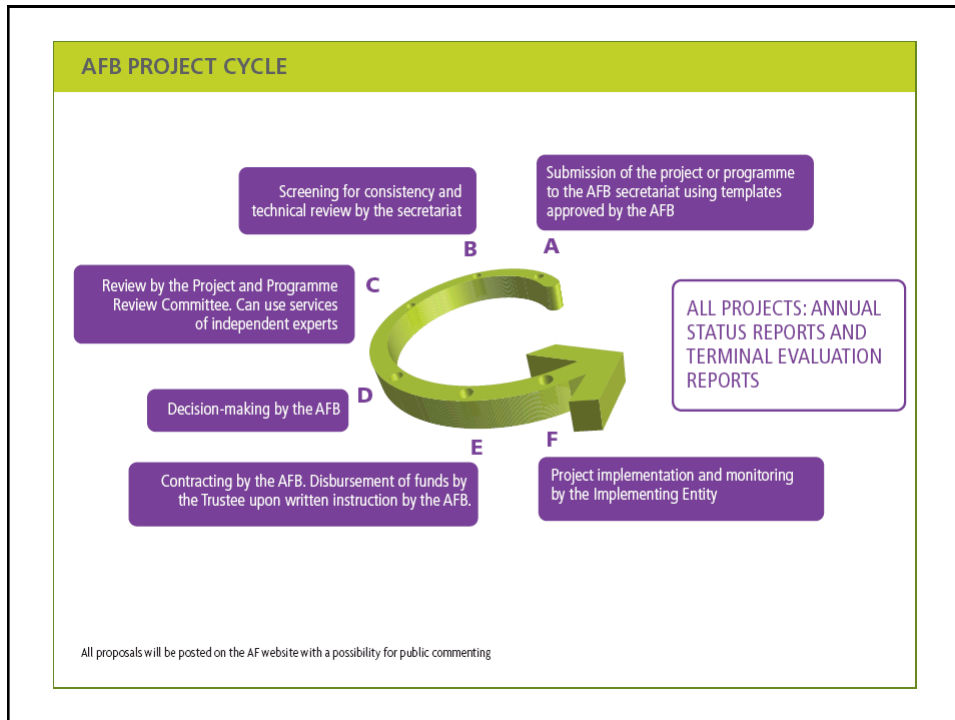
- Funding provided on full adaptation costs basis of projects and programmes to address the adverse effects of climate change
- AF will finance projects whose principal and explicit aim is to adapt and increase climate resilience
- Accommodation of different country circumstances: no prescribed sectors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





## 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
- 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 July 31, 2010:
  - Funding availability of USD 156.28 million
  - 1.8 million CERs in the balance of the Share of Proceeds
- Annex-I parties provide additional finance:
  - Spain €45M, Monaco €10k. Pledges: Germany €10M, Sweden €10M
- Estimated funds available by end-2012:
  - Medium estimate USD 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.

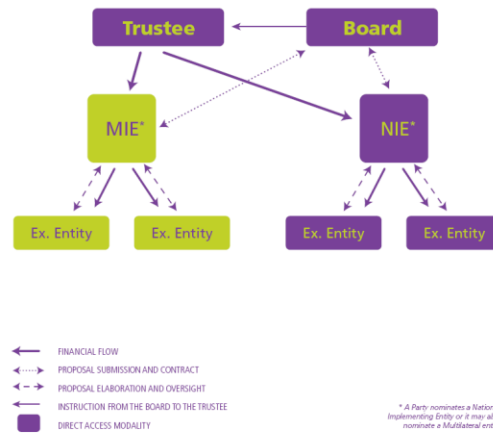
### MIE Access Modality

- 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



## Accessing AF funding (3)

### NIE and MIE shall:

- Meet the fiduciary standards established by the AFB:
  - Financial management and integrity
  - Institutional capacity
  - Transparency, self-investigative powers and anti-corruption measures
- Bear full responsibility for the overall management of the projects and programmes; and
- 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)
- 6 Multilateral Implementing Entities accredited:
  - The World Bank, UNDP, UNEP, ADB, IFAD, WFP
- 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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