



1. EDITORIAL

by Mamadou Honaidia

Adaptation Fund Readiness Programme

After the Adaptation Fund Board (AFB) decided on specific elements of its National Implementing Entity (NIE) and Regional Implementing Entity (RIE) Direct Access Readiness Programme at its last Board meeting earlier this year, the first of three readiness workshops took place from 1 to 2 May in Washington DC. The Fund's Readiness Programme for Climate Finance is a two-year initiative that aims to help potential NIEs to get acquainted with and adopt the Fund's fiduciary standards and environmental and social safeguards. At the same time it is meant to strengthen the capacity of already accredited national and regional entities to design, develop and submit strong tangible and concrete project proposals.



Mamadou Honaidia
- Chair of the Adaptation Fund Board

The first workshop was set out with the objective to familiarize organisations that are providing technical and institutional support as well as capacity building for potential accreditation applicants, with the policies and procedures of the Adaptation Fund. For the first time in the climate finance arena this workshop for trainers allowed the exchange among stakeholders and institutions providing accreditation support to developing countries and should help to increase and facilitate coordination among those important practitioners. Participants included representatives from the Climate Investment Funds, the Green Climate Fund, the World Bank's Climate Change Group, the Climate and Development Knowledge Network, Conservation International, the Global Environment Facility, the Inter-American Development Bank, the Nature Conservancy, and the Deutsche Gesellschaft für Internationale Zusammenarbeit.

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As the Adaptation Fund (AF) will make available funds for South-South collaboration in readiness for climate finance accreditation, representatives from three of the Fund's accredited NIEs (Planning Institute of Jamaica, Unidad para el Cambio Rural from Argentina, Centre de Suivi Écologique from Senegal) were also participating. These institutions have been selected because of the role they have been playing in terms of direct access in their different regions. At the same time with their accumulated wealth of practical experience on the accreditation process and on how to receive and manage climate adaptation finance, they are most suitable to help other countries who are working to access and use climate financing from the AF and from other sources.

The workshop has been a success on different levels: while participating organisations were able to specifically learn comprehensively about AF functions, guiding principles and moduli operandi, the participating AFB members and the AF Secretariat received valuable insights into methods and practices of organisations that will soon provide support to countries that are seeking accreditation.

Fundraising target

The AFB was very pleased to reach its fundraising target of USD 100 million at COP19 in Warsaw. As a consequence, the AFB interessionally started disbursing funding to four more projects in its project pipeline: Cuba, Myanmar, Seychelles and Uzbekistan. Given the continuous low CER price resulting in only minor revenues for the AF and at the same time the ever-growing project pipeline for projects to be implemented by Multilateral Implementing Entities (MIEs), the AFB at its last meeting **decided to set the new fundraising target for 2014 and 2015 to USD 80 million each year.**

Environmental and Social Policy

At its twenty-second meeting, the AFB adopted a comprehensive environmental and social policy, according to which entities receiving AF financing are prompted to identify, manage and mitigate the environmental and social risks of their activities. The formal adoption of the Fund's own environmental and social policy marks an important milestone for the AF, as assessing and finding means to avert potential environmental and social harms¹ of its interventions ensures the Funds objective of promoting sustainable development.

¹ These include, but are not limited to, considerations for access and equity, marginalized and vulnerable groups, human rights, gender equality and women's empowerment, indigenous people, core labour rights, involuntary resettlement, protection of natural habitats, and conservation of biological diversity.

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2. Adaptation Fund NGO Network Project to run until 2016

(by Lisa Junghans)

Building upon its first successful project phase (2011-2013), the Adaptation Fund NGO Network has received the final go from the International Climate Initiative (an initiative funded by the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety) to carry out activities under the Adaptation Fund NGO Network for another three years in a second project phase (2014-2016).

Currently the Adaptation Fund NGO Network is made up of seven active partners in their respective countries: Fundación Vida in Honduras, Panos in Jamaica, ENDA in Senegal, Indigo in South Africa, Forum CC in Tanzania, Practical Action in Kenya and NGO Forum in Cambodia. For the second project phase we will engage with three more partners, with a focus on AF direct access countries. Fine-tuned to their national context the Adaptation Fund NGO Network partners will be carrying out a number of domestic activities to critically and in a constructive manner accompany the planning and implementation phase of their country's AF project.

Besides the existing seven and the three prospective partners, the number of Adaptation Fund NGO Network members is constantly growing. To date there are more than 90 member organisations that associate themselves with the Adaptation Fund NGO Network.

With regard to the growing demand of interest among organisations across the developing world in climate change adaptation and the AF as a financing vehicle, the second project phase aims to more actively employ our existing partners to play a capacity building role within their region. At the same time and in response to current reinvention of the climate (adaptation) finance and policy landscape, the activities in the second project phase will look beyond the AF, particularly with a view to the Green Climate Fund as well as the issues of adaptation in the 2015 agreement under the UNFCCC.

South-South knowledge sharing through regional hubs

One of the features of the second phase of the project will be to organise members and partners in regional hubs for Central America, the Caribbean, West Africa, South Africa, East Africa and Asia-Pacific. Given the growing number of members, it is important to more actively disseminate the experience and knowledge gained in the first phase. The rationale behind setting up regional hubs is the intention to devolve not only the information sharing and dissemination at the grass root level, but also to group partners and members in a regional hub with a view of promoting and encouraging south-south exchange and cooperation. The regional hubs will share lessons on benefits of the direct access modality and the accreditation of NIEs. In addition, the regional hubs will help to share and disseminate good practices of implementation of the AF projects. The Adaptation Fund NGO Network members will then themselves also serve as multiplier for expanding the reach of the Adaptation Fund NGO Network activities in their regions and respective countries.

Tracking adaptation

The need to track progress on adaptation projects and measures is increasingly being recognised. Based on our experience in the Adaptation Fund NGO Network, Germanwatch will develop an adaptation tracking manual, which will consecutively be tested and applied by our Adaptation Fund NGO Network partners in their respective countries.

Shaping the Green Climate Fund and other relevant UNFCCC bodies

There are several relevant adaptation (finance) processes and bodies that have evolved under or on the sidelines of the UNFCCC within the last years. As a network working on both, the international adaptation (finance) policy level as well as on the local level, we have gathered a number of lessons that can help to constructively shape discussions in some of those bodies: the Adaptation Committee, the Green Climate Fund, the National Adaptation Plan processes and the 2015 agreement.



3. Update from the 23rd AFB Meeting

(by David Eckstein & Alpha Kaloga, Barbara Burkell)

From 20 to 21 March 2014, the AFB convened for its 23rd meeting in Bonn, Germany. As is custom at each first meeting of a year, the meeting started with the transition to the new Chair and Vice-Chair, Mr. Mamadou Honadia (Burkina Faso) and Ms. Laura Dzelzyte (Lithuania).

As usual, the AFB considered the accreditation of new institutions. In doing so, the AFB accredited the Peruvian Trust Fund for National Parks and Protected Areas, as a National Implementing Entity (NIE); the Corporación Andina de Fomento (CAF), as a Regional Implementing Entity (RIE); and the European Bank for Reconstruction and Development (EBRD), as a Multilateral Implementing Entity (RIE), increasing the total number of implementing entities to 31: 16 NIEs, 4 RIEs and 11 MIEs.

Besides, the AFB also considered new project and programme proposals from already accredited implementing entities. For the 23rd AFB meeting, nine proposals were submitted to the secretariat, with the total requested funding amounting to USD 42 million: five project concepts (USD 25 million) and four fully-developed project proposals (USD 17 million). Three project concepts submitted by the Indian NIE, the National Bank for Agriculture and Rural Development, were endorsed by the Board, as well as the concept submitted by the Agence pour le Développement Agricole, acting as the NIE for Morocco. Furthermore, the Board approved the proposal of Indonesia, submitted by the World Food Programme acting as a MIE. This project was the only MIE project for consideration at this meeting and was queued in the pipeline for approved MIE projects. Because of the 50% cap policy of the AF, at each board meeting, resource

available for funding are divided equally between NIEs and MIEs as to secure sufficient funding for projects submitted by NIEs. After the last AFB meeting in October, the pipeline consisted of eight approved MIE proposals. In the intersessional period, the AF was able to fund four additional projects, as result of the new donations by developed countries pledged at COP19 in Warsaw. Thus, after the approval of the project proposal for Indonesia, the updated pipeline as of the current meeting contains five projects (the four projects waiting in the pipeline plus the one of Indonesia), requesting the total amount of about USD 38 million.

On a more political note, the AFB engaged in a prolonged discussion on options for funding the MIE pipeline. The discussion evolved around the question of whether to permanently lift the MIE cap, allowing a temporary lifting (i.e. clearing the current pipeline) or maintaining the current cap (as of now a limit of 50% of total resources of the AF can be channeled through MIEs). The debate on the issues proved to be difficult, as its complex nature has implications for the strategic positioning of the Fund as well as the messaging in frame of the fundraising target. Accordingly, the AFB decided to postpone the decision until the next AFB meeting.

Additional decisions taken at the meeting included the implementation of the readiness programme and determining the new fundraising target (see separate section above). Further the AFB adopted the arrangement for an intersessional project and programme review cycle, to enable intersessional decisions on approval of project and programme proposals. To conclude, the AFB discussed options for the upcoming evaluation of the AF, setting up an Independent Review Panel, consisting of an evaluation and adaptation specialist, as well as a representative of civil society.



The Adaptation Fund facts and figures

Project level		
Full projects approved	34	Myanmar, Seychelles, Cuba, Uzbekistan, Rwanda, Guatemala, Argentina, Argentina, Sri Lanka, Cambodia, Colombia, Djibouti, Egypt, Jamaica, Lebanon, Mauritania, Papua New Guinea, Georgia, Tanzania, Cook Islands, Uruguay, Samoa, Madagascar, Mauritius, Mongolia, Maldives, Turkmenistan, Ecuador, Eritrea, Solomon Islands, Nicaragua, Pakistan, Senegal, Honduras
Project Concepts endorsed	16	Argentina, Argentina, Belize, Benin, Cook Islands, Costa Rica, El Salvador, Fiji, Indonesia, Jordan, Mauritius, Myanmar, Niger, Paraguay, Peru, Rwanda

Funding Decisions (full project)	USD 226 million
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Implementing Entities (IE) accredited

National (IE): Direct Access	16	Jamaica, Senegal, Uruguay, Benin, South Africa, Belize, Jordan, Rwanda, Kenya, Mexico, Argentina, India, Chile, Costa Rica, Morocco, Peru
Multilateral	11	ADB, IDB, IFAD, UNDP, UNEP, WFP, World Bank, WMO, AfDB, UNESCO, EBRD
Regional	4	West African Development Bank (BOAD), Sahara and Sahel Observatory (OSS), Secretariat of the Pacific Regional Environment Programme (SPREP), Corporation Andina de Fomento (CAF)

Resources in the AF Trust Fund (as at 31 December 2013)

Obtained Through CERs Monetization	USD 190 million
Voluntary contributions by developed countries	USD 205 million

Funding decisions	Total
Funding decisions for NIEs	USD 44.4 million
Funding available for NIEs	USD 141 million
Funding decisions for MIEs	USD 181.4 million
Funding available for MIEs	USD 4.05 million

MIE projects in the pipeline	MIE
Belize	World Bank
Ghana	UNDP
Mali	UNDP
Nepal	WFP
Indonesia	WFP



The Adaptation Fund NGO Network thanks the following countries for their successful effort to reach the US\$ 100 million fundraising target of the Adaptation Fund in Warsaw:

Belgium and Regions (US\$ 4.4 Mio.) Brussels Capital Region (US\$ 1.6 Mio.), Germany (US\$ 41 Mio.), Finland (US\$ 6.8 Mio.), France (US\$ 6.8 Mio.), Norway (US\$ 2.4 Mio.), Austria (US\$ 0.7 Mio.), Sweden (US\$ 30.4 Mio.) and Switzerland (US\$ 11.1 Mio.).

4. From NIE accreditation to the submission of a project proposal – insights from Kenya

(by Willie Tuimising)

Between the accreditation of its NIE and the submission of its project proposal, Kenya went through an intensive process that is of value for every country that intends to set up its own NIE and develop, through a participatory approach, an AF project proposal.

1 National call for proposals

Kenya's National Environmental Management Authority (NEMA) was accredited as an NIE by the AF in March 2012. Following this NEMA set out a call for proposals to the public via the country's print media and its own website. This was followed by a public meeting held at the Kenyatta International Conference Center in Nairobi. The objective of the public meeting was to brief civil society organizations, private sector players, government officials, research and academic institutions, and other interested parties on the call for proposals and the processes to be followed after the application process. NEMA also took advantage of the meeting, explaining in-depth its roles and responsibilities as the country's NIE.

2 National application process

Following the public call and official public meeting organised by NEMA, by January 2013 102 project proposal applications were submitted to NEMA. The (unexpected) large number of applications meant a lot of work for NEMA and more time required to effectively processing them. A selection committee was set up in January 2013 and screening criteria identified. In February 2013 the selection committee undertook a screening exercise and shortlisted 11 proposals for submission to the AF. However, the AFB required NEMA to cut down the number of project proposals to 1-2 proposals. In return NEMA went back to the drawing board to undertake further screening. This led to a delay of the submissions process and NEMA was not able to comply with AF's submission deadline in March 2013. After another round of selection NEMA submitted Kenya's proposal in August 2013.

3 Submission of the proposal to the AFB

At its 22nd meeting in October 2013 the AFB vetted Kenya's proposal and requested a number of amendments to be made. Specifically, the Board raised concern around the following issues:

- the cost of implementation: the costs outlined in the proposal were too high
- some specific arrangements regarding the implementation of the project
- issues around reputation as well as accountability



Consultation forum in Nairobi, Kenya

In response, NEMA reorganised the proposal and elaborated the budget in greater detail. NEMA also reviewed the project implementation architecture to lower indirect costs. In response to allegations of accountability within the NIE, NEMA deliberately and expeditiously instituted remedial measures. Further, NEMA also documented and published its experiences in the whole process as a way of sharing lessons, learning, experience and challenges for others to learn from. Finally, NEMA resubmitted the (reworked) proposal in February 2014.

From an AFN NGO Network perspective

Direct access as practiced by the AF is a great concept and opportunity as it gives people at the frontlines of climate change enough room to directly explain their situation and needs through their national institution, instead of international entities, as it was the case in climate finance until the AF introduced the direct access approach. It places vulnerable communities at the center and maximizes their voice. In addition, it facilitates formulation of solutions as per the

people's desire. In the process, beneficiaries have their capacity built as they actively interact with all the stakeholders involved. Direct access promotes transparency and accountability as beneficiaries themselves get opportunities to question and hold people to account.

The direct access instrument has built NEMA's capacity at large: Since its accreditation in 2012, NEMA has expanded and developed in-house institutions (office infrastructure and human resources). Vibrant grassroots organizations (e.g. the Nasaru Women Group) have also had their capacities built. A lot of (software) training has been delivered by NEMA to civil society organizations as part of NEMA's objective to prepare these organisations to take over responsibilities with regard to climate change adaptation.

Practical Action, as a partner of the AF NGO Network regularly brings together organisations and relevant stakeholders with the aim to forming a strong coalition that serves as a strategic pressure group to NEMA, government and donors alike.



Women bear the brunt of climate change adversity

5. Honduras - Insights from the AF mid-term report

(by Maria Auxiliadora Pineda)

The AF project in Honduras, namely “Addressing Climate Change Risks on Water Resources in Honduras: Increased Systemic Resilience and Reduced Vulnerability of the Urban Poor” started in 2011 and is said to run until 2016. In 2014 the AF undertook its mid-term review. As part of the mid-term review, the AF NGO Network partner in Honduras, Fundación Vida was interviewed.

In March 2014 the consultant Dean Pallen visited Fundación Vida. As part of the visit, Fundación Vida released a summary of the Report Perceptions 2013. The report was carried out taking into consideration the views of all the stakeholders such as executors, beneficiaries and authorities of government institutions. The report particularly considers the following elements:

- institutional capacities and the use of improved tools to integrate adaptation to climate change into regulations and policies in the various institutions
- pilot responses to the effects caused by climate change
- instruments to respond to the impacts of climate change in the long term

The report highlights that among beneficiaries there is confusion about who is the implementer of the project: whether it is the UNDP or the Secretary of Natural Resources and Environment (SERNA). Another challenge seems to be the change of government every 4 years, as institutional memory is lost, causing risk of project delay.

On a positive note, the report lines out that the communication between the government and non-governmental organisations as well as between executing entities and the communities has worked very well. Besides the interaction at the inter-institutional level were satisfactory and have contributed to the progress of the project.

For the future of the project the report suggests to better make use of linkages and synergies between ministries and other stakeholders involved. The trainings that were offered to beneficiaries very much increased their knowledge in terms of taking action on issues of climate change, adaptation measures, watershed management and risk prevention in their communities. This should therefore be continued.

6. Cambodia's pathway to address climate change

(by Ung Soeun)

Cambodia is highly vulnerable to climate change, and has been ranked as the second most affected country by extreme-weather events in 2011, with an estimated annual GDP loss of 3.1 percent. The Royal Government of Cambodia (RGC) is fully committed to address the challenges posed by climate change and is actively engaged in global and regional efforts.

Turning the wheel

Evidence of the political will to deal with climate change includes various key actions taken during the past decade for developing appropriate institutional arrangements. The National Climate Change Committee (NCCC), chaired by the Ministry of Environment, was established in 2006, involving representatives from 20 government ministries and agencies. A Climate Change Office was established in 2003 and upgraded in 2009 to departmental level: the Climate Change Department (CCD) is serving as the NCCC-secretariat as well as National Secretariat of the UNFCCC, the IPCC, and the Kyoto Protocol Focal Points in Cambodia.



Consultative meeting in Phnom Penh, Cambodia

A general provision for Climate change response was integrated into the National Strategic Develop Plan 2009–2013 (NSDP). Subsequently, the Cambodia Climate Change Strategy Plan (CCCSP) has been developed with a ten-year time-frame (2014-2023), expanding the scope of Cambodia's climate change response by involving both adaptation and mitigation with the aim to guide Cambodia towards a greener, climate resilient, equitable, sustainable, and knowledge based society as expressed in its 3 goals:

- reducing climate change vulnerability
- promoting green/ low-carbon development
- promoting public education and participation in climate change response actions

In implementing the strategies of CCCSP, Climate Change Action Plans (CCAPs) are currently being developed by ten min-



istries and agencies with the coordination of the CCD. Due to resource constraints, moving from strategies to actions requires using available resources efficiently and effectively. Thereby, it is necessary to set clear priorities, goals, management and financing mechanism and common standards for M&E.

The Climate Change Financing Framework has been developed for the purpose of efficiently managing the financial aspects of the CCAP planning process and to allocate funds effectively among various sectors. In establishing M&E framework, which is crucial for tracking progress and evaluating outputs and outcomes, identifying the available resources and capacities is the first step.

Civil society engagement

In 2013 four official consultative meetings between CSOs network and the government delegations took place. Many network members actively participated and fully engaged, intensively providing input and recommendations to CCCSP 2014-2023 and to the draft NSDP 2014-2018. A number of comments from the CSO side were accepted and thus incorporated into the final CCCSP and the second draft of the NSDP.

More information about the AF NGO Network on:

www.af-network.org

This website also contains resources such as the Germanwatch Adaptation Fund Project Tracker, briefings and reports on the meetings of the Adaptation Fund Board and other reports.



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