



## 1. The added value of the Adaptation Fund in the post-Paris scenario

(By Marcia Levaggi, Adaptation Fund Board secretariat Manager)



There are less than three months to go until COP21. Whatever the outcome may be, we already know that climate finance – particularly the under-resourced area of adaptation funding – will be key to an ambitious global climate agreement. And whatever the specifics of the new climate finance architecture, the combination of expertise,

flexibility, and innovation means that the Adaptation Fund (AF) is uniquely placed to make a significant contribution to the post-Paris world.

The AF is a transparent and innovative fund, with an established track record of delivering adaptation activities through a portfolio of 50 concrete adaptation projects and programmes. It is complementary to other funds under the Climate Change Convention. Its projects can offer replication and up-scaling potential to bigger funds and donors, which could leverage the AF's existing assets in their quest for transformational change.

The AF occupies a clear role in the climate finance landscape: the provision of funding for small-scale concrete adaptation projects to the most vulnerable communities in developing countries, especially through our direct access modality. Direct access enhances country ownership in line with the Paris Declaration on Aid Effectiveness. As of yet, the AF is the only climate fund with an operational direct access portfolio, implementing 14 approved projects through a swift project cycle. Alongside this, the very first enhanced direct access

project, a small grant facility in South Africa, and a pilot programme for regional projects that focus specifically on supporting innovative approaches to adaptation finance.

The AF has a successful track record in accrediting 20 national implementing entities (NIEs) to date, and in building local capacity. A streamlined accreditation process for small entities responds to the specific circumstances of small countries, with the Micronesia Conservation Trust being the first NIE of this kind eligible to access funding of up to one million dollars.

This ability to directly engage with countries is also supported by the AF's readiness programme, which effectively underpins direct access, generating an engaged NIE community who gather annually to share lessons and discuss common challenges. South-South cooperation in accreditation is one of the key tools of the readiness programme, supporting peer to peer learning. Four grants have been awarded for the NIEs in Senegal and Rwanda to provide support to Cabo Verde, Chad, and Niger, and Burundi, respectively. We also value maintaining transparent dialogue with civil society. The NGO community coordinated by Germanwatch is very active and has been instrumental in bringing civil society representatives from the countries where the AF operates, to provide their feedback to its Board (AFB).

The AF has been associated with innovative approaches to finance since its creation, in particular with a levy from the carbon markets as a revenue source. This levy, initially from the clean development mechanism proceeds, was further extended to those from joint implementation and emissions trading mechanisms in Doha (2011), enhancing the linkage between the Fund and the carbon markets. This trend continues in the decision made by the Parties in Lima (2014) requesting the AFB to consider, among other options for diversifying the AF revenue streams, the application of voluntary levies on developed countries' national and regional emission trading schemes.

However, whilst the role of the carbon market as a revenue source of the fund remains as one of the AFB's core innovative features, the low carbon price means that contributions by developed countries have become our main source of funding, at least temporarily – and the AF urgently needs a sustainable revenue stream as part of the Paris deal so that it can develop its work further.

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Openness, cooperation, and political will are needed if we are to unlock the full potential of climate finance. This means identifying what everyone can offer, and working together to deliver results. The AF can play a special role in putting adaptation funding to work quickly and effectively, supporting innovative, country-driven projects that are small-scale but with significant up-scaling potential. We have the expertise on the ground to protect the environment and the livelihoods of the most vulnerable at the same time. The AF is ready; now COP21 needs to create the conditions for truly transformational climate finance.



## 2. Report of the 25<sup>th</sup> Meeting of Adaptation Fund

*(by Alpha Oumar Kaloga)*

From April 9-10 2015, the 25<sup>th</sup> meeting of the Adaptation Fund Board (AFB), the operating entity of the Adaptation Fund established under the Kyoto Protocol, was held in Bonn, Germany. Two days prior to that meeting, the members of the two committees of the board, the Ethics and Finance Committee (EFC) and the Project and Programme Review Committee (PPRC) met for their 16<sup>th</sup> meeting respectively, to prepare specific recommendations for the AFB, along the mandate that has been assigned to them.

This meeting was the first in the current year, and as usual, Board members proceeded with the elections of the chairs of the Board and its committees before the start of the meeting. Mr Chair, Mr. Hans Olav Ibrek (Norway, Western European and Other States) has been elected as the new chair of the AFB.

At the last COP20 in Lima, the AF has received strong support from the government of Germany, with a contribution of EUR 50 million. This donation has enabled the Fund to finance three of four adaptation projects and programs in its project proposal pipelines. As a reminder, the AFB has put a pipeline for MIE projects, after projects submitted by MIEs have exceeded the 50% cap of available funding for projects at each meeting. This was a strategic decision by the AFB and aimed at reserving 50% of its available funding sources for direct access projects. Accordingly, some projects by MIEs have been put in a pipeline waiting for additional funding to be implemented.

The EUR 50 million donation by Germany is a contribution made in the context of the fund-raising goal of USD 80 million set by the AFB for each year 2014 and 2015. Although the Fund did not meet its fundraising strategy of USD 80 million by the end of 2014, Germany's contribution was perceived, at least for some moments, by several stakeholders as a recognition for the track record and progress made by the AF over the last

year. It is also important as the attention of most of the stakeholders were drawn, at least in 2014, on the initial capitalisation of the GCF, which reaches an unprecedented mobilization of USD 10,2 billion.

The contribution mattered, given the adaptation finance gaps and the stage of the operationalization of the GCF. Though several observers hoped that the German donation would trigger a positive snowball effect, encouraging other wealthy nations to follow, the contribution means a lot for CSOs and most developing countries, given the adaptation finance gaps and the stage of the operationalization of the GCF.

With regard to the accreditation process of implementing entity applicants, the AP recommended to the Board to accredit two new NIEs: a) the NGO Fundación NATURA from Panama and b) Micronesia Conservation Trust (MCT) as a National Implementing Entities. The NGO from Panama works on environmental and social issues, such as the conservation of vulnerable ecosystems, while the Trust supports biodiversity conservation and sustainable development projects in Micronesia.

Noteworthy, Micronesia Conservation Trust (MCT) has been accredited through a streamlined accreditation process subject with certain conditions. According to the Board understanding, a streamlined accreditation will apply to small NIEs able to execute or implement projects up to US\$ 1 million per project, employing up to 25 professional staff and having annual expenses up to US\$ 1 million.

A streamlined accreditation has been introduced by the AFB to accommodate with specific accreditation requests by small entities particularly from Small Island Developing States, It is a kind of fit-for-purpose that accredits an entity for specific activities that are commensurate with the scale and nature of the project the accreditation applicant has provided evidence for. Accordingly, for any proposed streamlined accreditation, the Accreditation Panel will provide specific recommendation on the appropriate monetary limit and describe the compensatory measures applied for the national implementing entity. The modalities of the streamlined accreditation will be revisited at the 28th meeting of the AFB. The EFC discussed the streamlined accreditation process for small implementing agencies. After intense debate, The AFB accredited the MCT subject of two conditions (Decision B.25/4);

- Eligible to submit project/program proposals to the Fund for up to US\$ 1 million, and
- Project proposal submitted by the MCT should have a description of the expertise and ability of the resources available to complete or oversee procurements.

This decision is an attempt by the AF to accommodate to different needs by developing countries. This streamlined accreditation will benefit particularly Small Island Developing States, where institutions are small in terms of scale, nature and scope of projects implemented, they have been implementing. These two new NIEs raise the number of accredited NIEs to 19.

For the 25<sup>th</sup> meeting, nine proposals were under consideration with the total requested funding amounting to USD 48,097,199: three project concepts (USD 17,812,880) and six fully-developed project proposals (USD 30,284,319).

**(GCF).** A representative of the GCF Secretariat attended the AFB meeting and provided an update on the state of operationalization of the GCF. Furthermore, the AF secretariat made a presentation of the finding of its paper on potential linkages between the Fund and the GCF, which was followed by a Board discussion. Two possible scenarios were considered (decision B.25-25/9):

- **Agreements between the GCF and AF on certain operations:** this modality would allow the GCF to channel some of its operations (and resources) through the Fund (e.g. direct access, concrete adaptation projects). These agreements do not imply any change in the institutional arrangements for the Fund, and could be concluded regardless of them.
- **An institutional integration:** Different degrees of integration between the Fund and the GCF could be envisaged. Options may include the Fund serving as the “Adaptation Window” of the GCF; a specialized instrument or window of the GCF; or a dedicated mechanism based on innovative sources (building on the experience of the CER-monetization process), etc .

Since the AF is challenged by a lack of funding due to the low revenue from carbon emission certificates, cooperation with the GCF could balance the missing funding while drawing on the AF’s vast experience on adaptation funding and already existing resources and capacities. It was mentioned that competition between the GCF and the AF would not improve the adaptation funding, rather working together is necessary.

After due consideration, and following the recommendations by the project program review committee (PPRC), the Board approved three fully developed proposals, all submitted by NIEs. The first project was submitted by the National Bank for Agriculture and Rural Development (NABARD) on behalf of India, the second by the Ministry of Planning and International Cooperation (MOPIC) based in Jordan, and the third by the Agence pour le Développement Agricole (ADA) on behalf of Morocco. In addition, the AFB endorsed a project concept by the Regional Implementing Entity (RIE) Sahara and Sahel Observatory (OSS) for a project in Uganda.

Another highlight of the 25<sup>th</sup> meeting was the discussion on potential linkages between the Adaptation Fund and the other bodies of the Convention, particularly the Green Climate Fund .

The Board concluded the discussion with a draft decision text, which requested to initiate a dialogue with the Standing Committee on Finance and the GCF on potential linkages. The Board also requested the Secretariat to review the document on potential linkages by taking into account legal and technical implications of various linkages between the AF and the GCF. Moreover, the AFB also requested the AF secretariat to liaise with the GCF secretariat in areas of readiness support, result based frameworks, accreditation, project identification, and other areas. The discussion is still ongoing and has also taken place in the SCF: It is expected for the next Board meeting that the Chairs and the secretariat will report back on this matter.

## The Adaptation Fund facts and figures

### Implementing Entities (IE) accredited

National (IE): Direct Access	19	Jamaica, Senegal, Uruguay, Benin, South Africa, Belize, Jordan, Rwanda, Kenya, Mexico, Argentina, India, Costa Rica, Morocco, Chile, Peru, Namibia, Micronesia, Panama
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), Corporación Andina de Fomento (CAF)

### Resources in the AF Trust Fund (31 December 2014)

Obtained Through CERs Monetization	USD 190.8 million
Voluntary contributions by developed countries	USD 277.3 million



### 3. Kick off of the AF's Regional Hub in East Africa

(by Fazal Issa, ForumCC)

On 7–8<sup>th</sup> May 2015, more than fifty (50) stakeholders across East Africa (Burundi, Kenya, Rwanda, Uganda and Tanzania) and other countries participated at the “East Africa Civil Society Conference on Climate Change Adaptation”. These included representatives from Civil Society, Government, Embassies, UN Agencies, Development Partners, Media, and Students.

The conference was jointly organized by Adaptation Fund NGO Network (AFN), ForumCC and Pan-African Climate Justice Alliance (PACJA). It was held with the aim of bringing together East African CSOs to debate on the impact and challenges of climate change in East Africa and forge a sustainable regional platform for learning and sharing experiences in order to accelerate actions (especially on adaptation) across the region.

Key issues during the Conference were drawn on adaptation initiatives and challenges across the region; Status of UNFCCC negotiations towards COP21; and most important the launching of the “East Africa Civil Society Regional Hub on Climate Change”.

The launch was done at the end of the first day of the Conference whereby one representative from each of the three jointly organizers (AFN, ForumCC and PACJA) came together to launch the hub.

The “East Africa Civil Society Regional Hub on Climate Change” is a platform which brings together civil society and other stakeholders working on climate change related issues.

The hub is initially expected to serve as a platform for:

- Facilitation of information, knowledge, and experience sharing on climate change issues among East Africa CSOs and other stakeholders;
- Strengthening cooperation and engagements between civil society and with other stakeholders working on climate change issues; and
- Promoting implementation of joint regional projects/programs.

Further discussion on roles, operation and sustainability of the Hub will be done in each country in East Africa led by national networks.



Group photo of participants with the Guest of Honourable Minister of State-Environment (Binilith Mahenge)

## 4. Tanzania kick-start Adaptation Fund Project

(by Fazal Issa, ForumCC)

Tanzania is one of the Least Developed Countries (LDCs) that have managed to access funds from the Adaptation Fund (AF). The 5-year project was approved in December 2011 at its fifth attempt and is worth \$5,008,564 and supposed to finish in 2017.

Since the approval, there have been delays in implementation of the project, especially on-ground implementation. This, according to Implementing and Executing Entities (IE and EE), has been due to a number of reasons including procurement process of the project Senior Technical Advisor which took long and was made worse by slow process within the government due to excessive bureaucracy. Also, the process had to wait for the start of implementation of government work plan which usually starts in July and by the time the 2012/2013 workplan had already passed, therefore they had to wait for 2013/2014 workplan.

On the technical side the main challenge was to come up with the best and efficient design not only as concrete adaptation measures but also creating recreational centers, therefore, makes it a combination of hard and soft intervention.

These delays do not only put the project sites and communities at risk but also have some implications on project costs as implementation costs increase which creates more difficulties on implementation. On the other hand, questions aroused whether the project now truly addresses the needs of targeted communities and vulnerability of the region, as a significant time has elapsed since the approval and inception of the projects. Hence, in 2014 an update of the baseline with new targets was set; Trainings on ecosystem-based coastal adaptation, reef, renewable and efficient energy was conducted; as well as hiring of specialists on mangroves, climate change knowledge management, rural energy and coastal zone management

Apart from those delays, there has been some progress made since project approval, signing of contract between UNEP and AF, and between IE and EE. The earlier progress includes formation of project steering and technical committee, as well as taskforce team, review of the project workplan, and hiring of project Senior Technical Advisor.

Moreover, plans for on-ground project implementation have been set. Agreement has been signed with UNOPS for an upgrade of coastal protection, a clean-up of drainage channels and rehabilitation of storm drains. The construction of a sea wall will start in June 2015 and is expected to take 18 months.

With these progress and more efforts from ForumCC (AFN Partner in Tanzania) and other stakeholders, the AF project in Tanzania has kick-started and is expected to complete on time.

## 5. Adaptation Fund in Honduras: Latest Actions in project implementation.

*First steps in Installing the Central Forest Corridor – District Central Zone.*

The Adaptation Fund project in Honduras, in its third year of implementation, has allowed key actors to gain more experience in adaptation to climate change. During project implementation, the capacities of different institutions and community-based organizations have been strengthened to better understand the climate phenomena and to reduce vulnerability to those impacts.

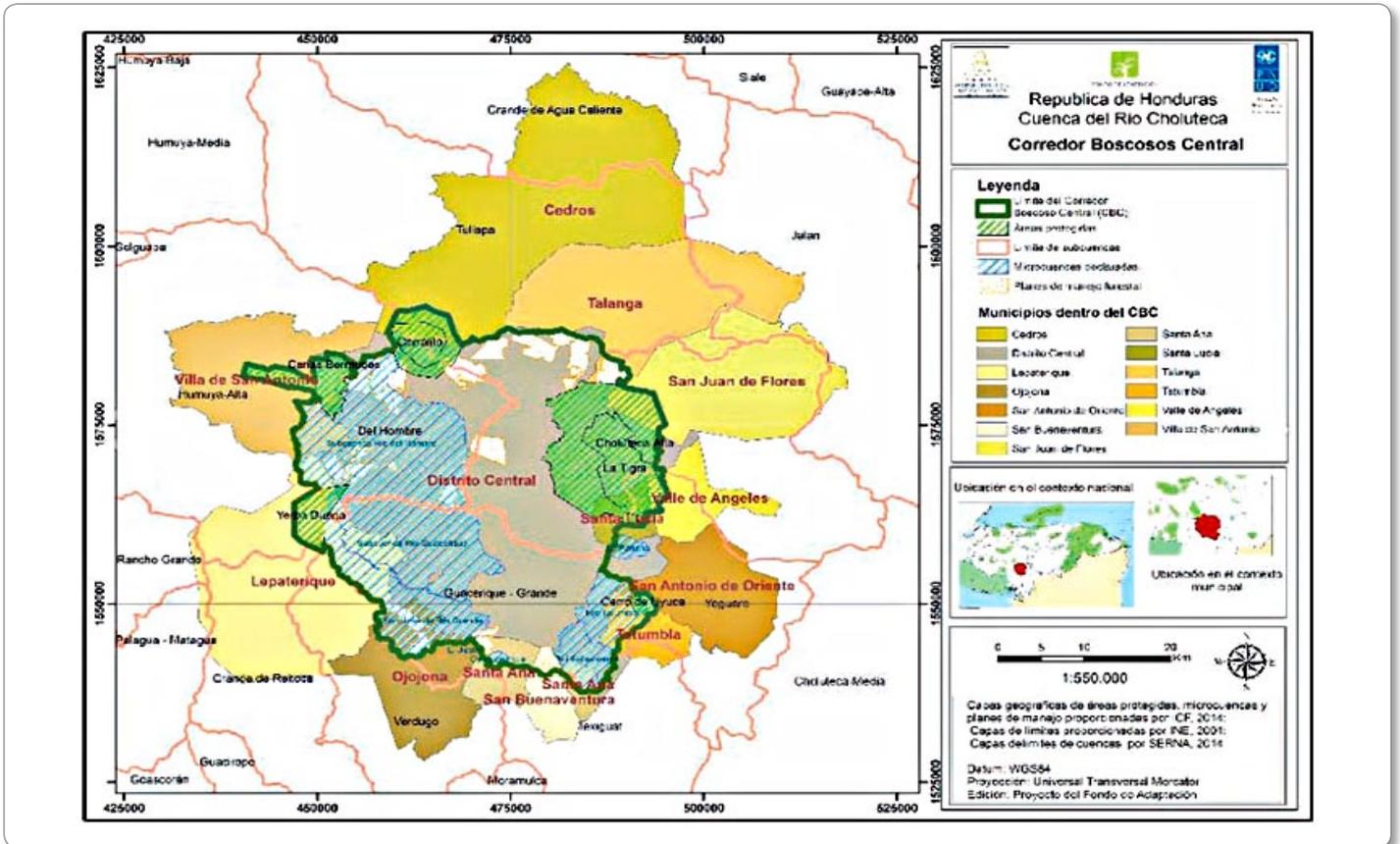
During project execution, additional needs have been identified which have to be addressed quickly and accurately. These matters have to deal with issues of promoting and disseminating the benefits of protection and conservation of natural resources particularly related with integrated water resources and forest management. In response to this situation, the AF project aims to support the installation of a central forest corridor.

The central forest corridor is aimed to cover six protected areas which include a total of approximately 37,506.97 hectares of pine and broadleaf forests, and three micro-watersheds. It is highly important because it not only surrounds and supplies water to the Central District but also provides water to 13 nearby municipalities such as Cedros, Lepaterique, Ojojona, San Antonio de Oriente, San Buena Aventura, Cantaranas, Villa de San Francisco, Santa Ana, Santa Lucia, Talanga, Tatumbula, Valle de Ángeles, and Villa de San Antonio.

The importance of this initiative is to ensure water supply to areas surrounding the forest corridor, as a measure to address water scarcity. Additionally, further important benefits include not only reducing pressure factors on ecosystems and biodiversity, but also supporting running management activities related with integrated forest management resources, in order to maintain a functional habitat, ecological restoration and the adaptation of species to climate change.

Currently one of the activities having a greater impact is the delivery of tools for forest fire control to the 13 municipalities mentioned above, consisting of 120 rakes, 60 fire extinguishers, 240 machetes, 30 backpack pumps, 240 water bottles, 240 masks, and 240 helmets.

However, to achieve the expected results with the installation of the central forest corridor, management plans for watersheds that supply water to the Central District still need to be designed and implemented, as well as a series of trainings and workshops involving communities and water boards. This is essential not only to create awareness among the people regarding the importance of this initiative, but also to safeguard the utilization of natural resources, reducing the threat of adverse effects from climate change impacts



Project area Map in Honduras

## 6. First project completed under the AF in Senegal

(by Alpha Oumar Kaloga and Emmanuel Seck)

Senegal's economy is threatened by the growing negative impact of climate change. The only way for the country, alike other LDCs to secure progress made over the last decade in eradicating the poverty, is to undertake appropriate climate strategies that are embedded into core development. Coastal erosion due to sea level rise and storm surges has been eroding Senegal's 700 km coastal areas. The once fertile lands are becoming less productive because of the intrusion of saline water or the scarcity of rain water. This is one of the reasons the Senegal's National Adaptation Plan of Action has identified coastal management and protection as one of its priority areas.

In its endeavor to fight climate change, Senegal has not only put all its efforts in the building of hard infrastructure such as sea walls, but also strategically, has set a strong focus on capacity strengthening of domestic institution to better drive and own its adaptation actions. The Centre de Suivi Ecologique of Senegal has been the first ever accredited entities by the AF, as well as under the GCF.

The Accreditation of the CSE at least by the AF was perceived as a milestone in climate finance, as for the first time, developing countries had direct access to international funds without the support of any third party such as multilateral UN agen-

cies. It also signified that even in LDC countries, there are institutions in place capable to meet and deal with international recognized fiduciary standard.

The accreditation has allowed the CSE to submit the first direct access programme "Adaptation to Coastal erosion in Vulnerable Areas" for a total amount of USD 8,619,000. The project is now concluded. This article provides an update on the main achievement of the project, by exploring potentials for replication and sustainability.



Anti-salt dikes to protect agricultural lands and sea defenses in Joal (Photo: Alpha Kaloga)

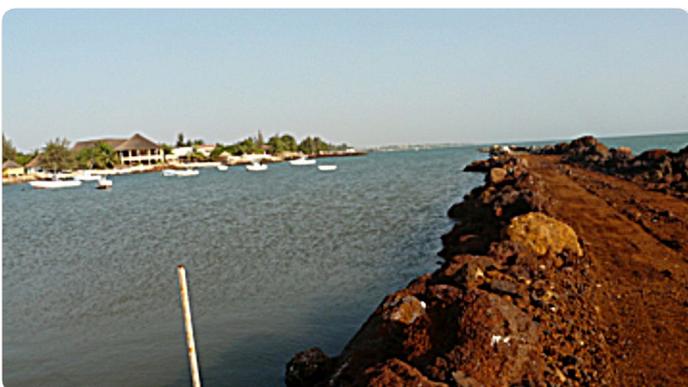
The project pursued three objectives: a) reducing coastal exposure by protecting infrastructure including fishing docs and processings; b) measuring that includes anti-salt dikes to protect agricultural lands and sea defenses and c) developing coastal management policies and regulation. It was implemented in three cities (Rufisque, Saly and Joal). These cities play a key role in Senegal's economy particularly in the tourism and fishery branches.



**Women Group working in the field gained as result of desalinisation through the Anti-salt dike** (Photo: Alpha Kaloga)

One of the features of the Senegal project is that it brought public institutions (Environment Directorate) with NGO "Green Senegal" and women cooperative (Dynamique Femmes). The three institutions acted as executing entities of the project.

The Project has built an anti-salt dyke over three kilometers, which has enabled to gain new agriculture field that was unused over decades. It also helped to regenerate natural vegetation and recovery of biodiversity. In Joal, the project has helped to introduce modern ovens and improve the fish processing, which in turn has reduced the stress on fuel wood. In Saly, the drying areas and methods of fishery products have been rehabilitated with an extent of 878 m<sup>2</sup>. In Rufisque, a 730 meter seawall was built along the coastline. This seawall is meant to protect habitation, the cemetery, as well as the culture heritage of the town that are close to the beach. The



**A 730 meter seawall built along the coastline In Rufisque** (Photo: Alpha Kaloga)

project also trained a range of actors such from pupils to women groups. Capacity building was one of the components of the projects. 100 of sessions of awareness-raising, as well as radio programs were carried out. Last but not least, thanks to the projects, a littoral law has been enacted. Within its framework, a national body for the management of the littoral has been created with the mandate to monitor any interventions in the coastal areas.

After the implementation of the project, it is too early to hand down a sentence on the result of the project. The final evaluation will start soon and will provide technical recommendations in order to pass an objective judgement. During the workshops, organized at the last field visit and conducted by Germanwatch and Enda, it was mentioned that the project has attracted other development partners to invest in the areas or to scale-up activities financed by the AF. Furthermore, several maintenance committees have been initiated and set up in order to take care of the infrastructure such as the committee de maintenance of the anti-salt dyke, by Dynamique Femme. A representative of the municipality of Saly also deplored that only three of seven sea walls were built and feared that this realization would worsen the situation in the beach compared to before the project.

The accreditation of the CSE and the implementation of this project have revitalized adaptation issues to climate change and coastal management at the center of development policy. The CSE has been repeatedly solicited by other countries in the region, as well as outside the continent to share lessons learned in the accreditation process and in the implementation of projects. The project was selected as a lighthouse project of the "momentum of change initiative" (2012).

More information about the AF NGO Network on:

**[www.af-network.org](http://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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