

ActionAid Briefing: Decisions to be Adopted by the Adaptation Fund Board

ActionAid welcomes the operationalization of the Adaptation Fund, the establishment of an independent board made up of a majority of developing countries, and the progress that was made at the first meeting of the Adaptation Fund Board on March 26–28, 2008.

While ActionAid is eager to have the Adaptation Fund Board establish the guidelines and criteria necessary to begin to fund adaptation projects, programs, and activities as soon as possible, we are most concerned that the appropriate policies and structures are in place to ensure that the Adaptation Fund will be a just, equitable, and effective mechanism for adaptation funding.

Based on the issues that emerged at the first board meeting of the Adaptation Fund (AF), and based on ActionAid's decades of experience working on sustainable international development and issues of foreign assistance policy, ActionAid urges the Adaptation Fund Board to consider the following recommendations.

Key Structures

ActionAid urges the Adaptation Fund Board to constitute the following structures in order to ease the board members' workload, provide access to information for board members, and to help ensure a just response to climate change.

Expert Panel: An expert panel should be established to advise the board. The expert panel should have expertise such issues as finance, poverty, adaptation, science, and technology. The expert panel should help to guarantee the integrity of an open and transparent proposal review process. It should review proposal applications and make recommendations to the Adaptation Fund Board. (The Adaptation Fund Board, however, should have ultimate decision making power regarding proposals.) Other functions of the Expert Panel should be decided by the AF Board.

Women's Rights Desk: Women are disproportionately vulnerable to the impacts of climate change.¹ In order to ensure that women's adaptation needs are adequately addressed by the Adaptation Fund, ActionAid urges that a Women's Rights Desk be created within the Adaptation Fund. The Women's Rights Desk would be responsible for ensuring that women's organizations play a central role in deciding how funds are

¹ For more information, see ActionAid. "Compensating for Climate Change: Principles and Lessons for Equitable Adaptation Funding" and ActionAid, "We Know What We Need: South Asian Women Speak Out on Adaptation Funding."

allocated, used, monitored and evaluated. It would also be responsible for ensuring that adaptation funds are meeting the needs of poor and marginalized women affected by climate change and should coordinate closely with the Country Coordinating Mechanisms in each country.

ActionAid further recommends that all proposals to the Adaptation Fund first be reviewed and evaluated by the women's rights desk before going to the Expert Panel. The Women's Rights Desk will therefore have input and decision-making power with regard to the funding priorities of the Adaptation Fund.

Monitoring and Evaluation

Independent Inspection Panel: It is essential that representatives of those poor and excluded people who are affected by the impacts of climate change play a central role in evaluating the effectiveness of adaptation funding. Therefore, ActionAid urges that an independent inspection panel with strong representation from poor people's organizations in affected communities be formed to monitor the use of the AF funding. The panel should also include persons with a range of expertise (in finance, adaptation, and poverty reduction) and representatives from women's rights organizations. The independent inspection panel should help ensure that funds are reaching poor and excluded communities – especially poor and marginalized women – and that projects do not further harm the environment. Recommendations from the Inspection Panel should be sent to the Adaptation Fund Board so that the Board can take the appropriate action.

Accessing Adaptation Fund Funding:

One of the more serious problems with adaptation funding (currently through the Least Developed Countries Fund and the Special Climate Change Fund) is that vulnerable countries have had great difficulties in accessing the funds.² Policies for accessing funds from the Adaptation Fund must take into consideration principles of equity and justice while taking into consideration the ease by which developing countries will be able to access money. To that end, ActionAid recommends the establishment of:

Country Coordinating Mechanisms (CCM): Each country participating in the Adaptation Fund should constitute a multi-stakeholder country coordinating mechanism under the auspices of their respective UNFCCC national focal points (as laid out in the *Draft Provisional Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund*.) ActionAid urges that the CCM include broad government, expert, and civil society participation. This team should work together to ensure broad consultation on the country's most pressing adaptation needs. Additionally, the CCM should work to ensure that that adaptation needs are integrated into the country's national development plan. ActionAid further recommends that at least one member of the committee represent a women's rights organization.

² ActionAid. "Compensating for Climate Change: Principles and Lessons for Equitable Adaptation Funding"

Eligibility Criteria for Projects: ActionAid believes that eligibility criteria should be drafted to serve as guidelines for activities to be funded by the Adaptation Fund. However, project criteria should be flexible so that country coordinating mechanisms have the space to develop their own specific criteria and in order to avoid a “one size fits all” approach to adaptation.

Eligibility Criteria for Access:

While ActionAid believes the guidelines and criteria should be flexible enough to enhance access to the Adaptation Fund, there are some non-negotiable criteria that countries must adhere to in order to access funding. These criteria include:

- Adaptation projects, programs, and activities must involve the participation of civil society in decisions on how funds are disbursed, implemented, used, and evaluated.
- Adaptation projects, programs, and activities must seek to respond to the needs of the most vulnerable communities in country, particularly women.
- Adaptation projects, programs, and activities should seek to advance the concept of climate equity in a way that makes sense in each country’s context.
- Adaptation projects, programs, and activities should be aligned with and integrated into a country’s national development plan. This should help to minimize the risk that ‘vertical’ funding will undermine or weaken ‘horizontal’ planning across sectors and line ministries. Mechanisms to ensure alignment will need to be further researched, including a scoping of lessons learned from other vertical initiatives.

Eligibility Criteria for Executing Agencies: ActionAid believes that eligibility criteria for executing agencies should be drafted.³ However, ActionAid urges that the definition and criteria be as broad as possible so that Parties are able to choose the entity with which it would like to work.

Additionally, ActionAid urges the Adaptation Fund Board to establish that executing agencies, including NGOs, government institutions, and academic institutions, be allowed to apply for funding directly to the Adaptation Fund Board. As currently stated in the *Draft Provisional Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund*:

Parties can choose to develop and implement projects with assistance from the Fund through two pathways: (i) direct access with an in-country executing entity that meets agreed due diligence standards for financial management; or (ii) through a Board-recognized implementing entity.

³ Executing entities are defined in the *Draft Roles and Responsibilities of Implementing and Executing Entities* as “legal entities identified by an eligible Party to prepare and implement projects receiving assistance from the Fund.”

- (a) Direct Access. Parties can nominate a qualified in-country executing entity to develop proposals and implement projects with assistance from the Fund. Such executing entities will be subject to the due diligence standards to be established by the Board, including meeting international fiduciary standards; and
- (b) Access through an Implementing Entity. Parties can work with agencies recognized by the Board as implementing entities to develop proposals and implement projects with assistance from the Fund.

Allowing direct access would minimize the steps necessary to apply for and receive funding. Additionally, in cases where a nation's state is weak or not functioning, allowing an executing agency direct access to the AF will greatly enhance the ability of some countries to seek funding.

Economic Policy Conditionality: In some cases, Parties will work through multilateral development banks (MDBs) as implementing agencies. In these cases, Parties must not be forced to be in compliance with any economic policy conditionality of the respective MDB. It may be, however, that the Adaptation Fund Board determines that environmental, women's rights or other social conditions on the use of funds is important to achieving fair and effective adaptation. These conditions should be developed in collaboration with national governments and civil societies to so as to ensure that they are consistent with national development priorities and promote local ownership and domestic accountability.

