



ADAPTATION FUND

AFB/B.35-36/5
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Adaptation Fund Board

**ENDORSEMENT OF PRINCIPLES FOR LOCALLY-LED
ADAPTATION ACTION BY THE ADAPTATION FUND**

Background

1. The present document presents, for consideration and possible endorsement by the Adaptation Fund Board (the Board) principles for locally-led adaptation action as formulated within the action track for locally-led action of the Global Commission on Adaptation (GCA)¹.

2. One of the major initiatives in the field of adaptation outside of the United Nations Framework Convention on Climate Change (UNFCCC) process is the work of the GCA, chaired by the 8th Secretary General of the United Nations, Mr. Ban Ki-Moon, and co-chaired by Mr. Bill Gates and Ms. Kristalina Georgieva. The GCA was launched with the mandate to encourage the development of measures to manage the effects of climate change through technology, planning and investment.

3. The GCA is organized into eight action tracks meant to showcase and scale up adaptation action, one of them being the “locally led action” track which calls for significant increases in the volume of devolved and decentralized funding available to local governments, community-based organizations, and others working at the local level to identify, prioritize, implement, and monitor climate adaptation solutions.

4. In September 2019 the GCA launched a “Year of Action” to accelerate and scale up action on adaptation in advance of the Climate Adaptation Summit that is scheduled to be held online on January 24 - 25, 2021 as a 24-hour event. At the COP25 held in Madrid in December 2019, the Adaptation Fund was invited to participate as a partner in the work of the action track on “locally led action” as it is closely aligned with some of the key characteristics of the Adaptation Fund’s work: concrete projects on the ground that benefit local communities; strong processes of community involvement, including avoidance of harm to vulnerable groups of people enshrined in the environmental and social policy; and devolved decision-making through direct access and enhanced direct access. This action track took the shape of a learning community of practice on locally-led adaptation action. This community of practice includes funders, intermediary institutions, and public, private, and civil society institutions composed of local people or directly accountable to them and their communities.

5. Related to this, the secretariat commissioned a study that it published in September 2020 on locally-led action in Adaptation Fund projects titled “Local leadership in adaptation finance”². This study offers an overview of locally-led actions and interventions supported by the Adaptation Fund and its overarching objective is to accelerate learning about institutional and individual capacity strengthening, modalities, and approaches for harnessing successful locally-led adaptation measures and strategies

6. As part of the work of the learning community of practice, its partners have engaged in developing principles that would guide future work on locally-led action (see Annex 1). The

¹ <https://www.wri.org/our-work/project/global-commission-adaptation>

² <https://www.adaptation-fund.org/document/local-leadership-in-adaptation-finance/>

principles for locally-led adaptation are a key output of the locally-led adaptation action track and the foundation for a 10-year learning journey on locally-led adaptation that will continue beyond the end of the GCA. They were developed to catalyze a shift towards more locally-led adaptation. The development of the principles has been led by the International Institute for Environment and Development (IIED)³ with the managing partners of the GCA, the World Resources Institute (WRI)⁴ and the Global Center on Adaptation⁵. The Adaptation Fund Board Secretariat (the secretariat) has engaged in the development of the principles with the partners of the community of practice.

7. The principles respond to calls by the Least Developed Countries, social movements, and others for finance to be committed for local actors to invest in their adaptation priorities. They were developed through an extensive consultation process and completed in December 2020. The goal of the community of practice is to announce these principles at the Climate Adaptation Summit on 24-25 January 2021, and for the participating organizations to signal endorsing them and to be part of the learning community of practice. Organizations endorsing these principles are requested to voluntarily explain how they would strengthen good practices to better support or enable locally-led adaptation action. Endorsing organizations are also asked to commit to being a part of the community of practice on locally-led adaptation action and learning.

Secretariat's review of the principles

8. The secretariat has engaged in an exercise of reviewing the principles and found that the work and policies of the Adaptation Fund are already very well aligned with them in that announcing commitment to them would not require the Fund to change anything in its existing policies. The secretariat has also found that as the principles are closely related to some of the key features of the Adaptation Fund, endorsing them would help highlight the important work by the Fund in the prominent GCA forum and at the Climate Adaptation Summit. The secretariat has not identified any reputational or other risk in endorsing the principles.

9. The secretariat has prepared a short statement on how the Fund intends to deliver on the principles for locally led adaptation action, in the commitment form developed by the coordinators of the principles. It has also offered more detail on current practices it will continue to incentivize or support adaptation that is driven by local stakeholders to deliver on these principles.

Recommendation

³ www.iied.org

⁴ www.wri.org

⁵ www.gca.org/home

10. The Board may consider and decide to approve the endorsement of the principles for locally-led action set forth by the GCA through its partners. The Board may also decide to approve the participation in the learning community of practice on locally led action.

11. The full list of documents mentioned above (Principles for locally-led adaptation action and Commitment form) is contained in Annex I and Annex II to this document.

Annex I Principles for locally led adaptation action

- 1. Devolving decision making to the lowest appropriate level:** Giving local institutions and communities more direct access to finance and decision-making power over how adaptation actions are defined, prioritized, designed, implemented; how progress is monitored; and how success is evaluated.
- 2. Addressing structural inequalities faced by women, youth, disabled, and excluded ethnic groups:** Integrating gender-based, economic, and political inequalities that are root causes of vulnerability into the core of adaptation action and encouraging vulnerable and marginalized individuals to meaningfully participate in and lead adaptation decisions.
- 3. Providing patient and predictable funding that can be accessed more easily:** Supporting long-term development of local governance processes, capacity, and institutions through simpler access modalities and longer term and more predictable funding horizons, to ensure that communities can effectively implement adaptation actions.
- 4. Investing in local capabilities to leave an institutional legacy:** Improving the capabilities of local institutions to ensure they can understand climate risks and uncertainties, generate solutions, and facilitate and manage adaptation initiatives over the long term without being dependent on project based donor funding.
- 5. Building a robust understanding of climate risk and uncertainty:** Informing adaptation decisions through a combination of local and scientific knowledge that can enable resilience under a range of future climate scenarios.
- 6. Flexible programming and learning:** Enabling adaptive management to address the inherent uncertainty in adaptation, especially through robust monitoring and learning systems, flexible finance, and flexible programming.
- 7. Ensuring transparency and accountability:** Making processes of financing, designing, and delivering programs more transparent and accountable downward to local stakeholders.
- 8. Collaborative action and investment:** Collaboration across sectors, initiatives and levels to ensure that different initiatives and different sources of funding (humanitarian assistance, development, disaster risk reduction, green recovery funds, etc.) support each other, and their activities avoid duplication, to enhance efficiencies and good practice.

Annex II**PRINCIPLES FOR LOCALLY-LED ADAPTATION ACTION*****Commitment Form***

Name of Organization or Government: Adaptation Fund

Type of Organization or Government: Intergovernmental Organization

Name of Responsible Official: Mr. Ibila Djibril, Chair of the Adaptation Fund Board, and Mr. Mikko Ollikainen, Manager of the Adaptation Fund Board Secretariat

Email of Responsible Official: mollikainen@adaptation-fund.org

Telephone of Responsible Official: +1 (202) 458-8912

Date of Commitment: January 25, 2021

Short Commitment Statement:

Please specify how your organization intends to implement, use, or deliver on the principles for Locally-led adaptation in 100 words or less. Note this text may be listed on webpage.

The Adaptation Fund has been supporting local actions since it became operational in 2010. It pioneered an institutional design that includes measures that promote the involvement of local-level actors in planning and implementing adaptation solutions. The AF also pioneered the Enhanced Direct Access modality, which is a flexible approach to grant amounts which could better match needs and capacities at the local level, thus empowering national implementing entities.

The Environmental and Social Policy of the Fund plays a key role in guiding local inclusion in project formulation and throughout the project cycle by reinforcing existing requirements on meaningful consultation with all intended stakeholders.

The Fund has recently released [an in-depth study highlighting project successes and lessons in locally-led actions](#) which shows further commitment to this topic.

As of December 2020, the Fund has supported nearly 115 concrete projects covering over 100 countries with more than US\$750 million.

Detailed Commitment Narrative

Please describe in more detail what changes will be made or current practices strengthened to better incentivize or support adaptation that is driven by local stakeholders, to deliver on these principles. Please add rows and additional pages if needed. Note this is voluntary, but highly encouraged!

Principle Number	Detail of Implementation
1. Devolving decision	All AF concrete adaptation projects fund local-level investments that are designed with the active participation of the communities and people that

<p>making to the lowest appropriate level</p>	<p>they benefit. More recently, a range of additional measures to expand support for adaptation action that meaningfully involves local-level actor, such as: (i) efforts to enhance the number and capacities of national implementing entities (NIEs) that can directly access funds as well as help build capacity with other small local-level entities; (ii) piloting Enhanced Direct Access, whereby the screening, review and selection of projects is done at the national and sub-national levels; and (iii) launch of Adaptation Fund Climate Innovation Accelerator (AFCIA), a funding opportunity under the Fund’s Innovation Facility aimed at fostering innovation of adaptation practices in vulnerable countries at the local level, including by non-governmental organizations, community groups, young innovators, sub-national/local governments and the private sector, on a competitive basis.</p>
<p>2.Addressing structural Inequalities faced by women, youth, disabled, and excluded ethnic groups:</p>	<p>Several of the principles of the AF Environmental and Social Policy are aimed at ensuring that adaptation actions help remove and do not aggravate existing inequalities between groups of people, with particular attention to marginalized and vulnerable groups, gender, and indigenous peoples.</p> <p>In 2016, the Fund adopted its own Gender Policy and Action Plan, which further strengthened addressing gender considerations by systematically integrating and further defining key principles elaborated in the Fund’s Environmental and Social Policy, especially the principles of access and equity, on consideration of marginalized and vulnerable groups and on human rights. As such, it marks an important codification of the Fund’s approach to ensuring that all of the processes and activities it funds, including those involving local actors, are gender responsive. The Fund commissioned a study in 2019 which offered an overview of lessons on mainstreaming gender in select projects funded by the Adaptation Fund. This study builds on the foundational work of the Adaptation Fund to facilitate gender mainstreaming in policy and planning, supporting implementing entities in their efforts to enhance gender in practice, and learning from projects.</p>
<p>3.Providing patient and predictable funding that can be accessed more easily</p>	<p>The AF delivers capacity building to developing countries through its Readiness Programme for Climate Finance which aims to help strengthen the capacities of national and regional entities to receive and manage climate financing.</p> <p>In 2015, in response to interest from smaller entities and countries, the Board approved a streamlined accreditation process that allows smaller national entities to demonstrate their capacities to manage climate finance. Although the lack of reliable source of resources for the AF makes it difficult for it to commit to financing adaptation over longer periods of time, under the MTS, the AF has started actively investing in support to scaling up and replication of AF projects for funding by other funders, thereby helping to remove a typical bottleneck on continuity of adaptation action and maximize longer term adaptation benefits.</p>
<p>4. Investing in local capabilities to leave an institutional legacy:</p>	<p>Implementing locally-led action through the Direct Access modality has enabled national institutions, both the accredited national implementing entities and the executing entities and other partners working with them, to develop and expand their capacities and their abilities to work together. This builds models for national-to-local level cooperation that can be employed also for channeling domestic funding for locally-led action, as</p>

	has already happened with some AF projects. The re-accreditation requirement every 5 years helps to ensure national capabilities, including for supporting local-level action, are maintained and further developed.
6. Flexible programming and learning:	<p>The AF embraces the principle of adaptive management, and the AF Board has put in place a suite of measures that allow project implementers to revise project design if circumstances change or if new information acquired during project implementations suggests benefit in doing so. Project budget reallocation is allowed up to 10 per cent without Board approval [Every project automatically has 10 per cent space for budget reallocation] (increased during COVID-19 to 20 per cent), and any material change including budget reallocation beyond the standard 10 per cent is possible and subject to Board approval [larger changes can be made, too,] if justified for impact. Locally-led activities can be designed to be particularly flexible by applying programmatic approach with menus of options rather than predefined activities.</p> <p>The AF supports a robust learning system that is aimed at making lessons learned available on locally-led action to the relevant stakeholders and the wider climate adaptation community for greater effectiveness outside the Fund. The Learning and Sharing pillar of the Fund's Medium-Term Strategy focuses on accelerating tools and resources for vulnerable countries to scale up effective projects, disseminate knowledge and foster innovation in adaptation. Learning and sharing is crucial at the AF as it enables others working in the climate change adaptation field to do things more effectively and efficiently.</p>
7. Ensuring transparency and accountability	As stated in the AF Open Information Policy approved in 2013, the AF is committed to open access to information. Transparency is essential to building and maintaining public dialogue, increasing public awareness, enhancing good governance, accountability, and ensuring programmatic effectiveness. Openness promotes engagement with stakeholders, which, in turn, improves the design and implementation of projects and programmes, and strengthens the Fund's outcomes. It facilitates public oversight of Fund-supported operations during their preparation and implementation, which not only assists in exposing potential wrongdoing and corruption, but also enhances the possibility that problems will be identified and addressed early on. For instance, the annual performance reports of all AF projects, including their financial figures broken down to the activity level, are publicly available of the AF website.
8. Collaborative action and investment:	Building complementarity and coherence with other climate finance delivery channels is one of the four cross-cutting themes of the AF Medium-term Strategy. For accreditation as implementing entity, the AF and the Green Climate Fund (GCF) apply reciprocal fast-tracking processes, which facilitates easier and coordinated access to resources from both funds. The Fund in its review process of projects and/or programmes ensures there is no duplication with other sources of funding thus ensuring efficiency and good practice. Furthermore, there is an ongoing process for a more systematic scaling up of AF projects with the Green Climate Fund which help complement the work on locally-led actions.

Authorization

By submitting this form, my organization agrees to have its logo publicly listed as endorsing the Principles for Locally Led Adaptation and commits to being part of a learning community of practice on locally-led adaptation action. I certify that I am authorized to make this commitment on behalf of my organization.

Signature:

Please send this form and a hi-resolution logo in .ai or .eps format to locallyledadaptation@wri.org