



ADAPTATION FUND

AFB/B.36/6
2 April 2021

Adaptation Fund Board
Thirty-sixth meeting
Bonn, Germany (Virtually held), 6-8 April 2021

Agenda item 11 a)

**UPDATE ON STRATEGIC DISCUSSION ON OBJECTIVES
AND FURTHER STEPS OF THE FUND: POTENTIAL
LINKAGES BETWEEN THE FUND AND THE GREEN CLIMATE
FUND**

Background

1. This document provides an update on the discussions on the topic of the potential linkages between the Adaptation Fund (the Fund) and the Green Climate Fund (GCF).¹ These discussions have been taking place at two levels: through dialogue between the Chair and Vice Chair of the Adaptation Fund Board with the Co-chairs of the GCF Board, both exclusively and in the context of the annual dialogue among the various climate funds, and through ongoing discussions between the secretariats of the Fund and the GCF.

2. At the second session of the thirty-fifth meeting of the Board the secretariat presented updates on its ongoing discussions with the GCF. Having considered the ongoing efforts on enhancing complementarity between the Adaptation Fund and the Green Climate Fund and document AFB/B.35.b/6 and its annex, the Adaptation Fund Board (the Board) decided to:

(a) Take note of the report included in document AFB/B.35.b/6 and its Annex I which provides an update on the recent cooperation between the Adaptation Fund and the Green Climate Fund;

(b) Take note that the Board of the GCF has not yet considered the legal assessment on the Adaptation Fund as contained in the document GCF/B.24/Inf.8;

(c) Request the Chair and Vice-Chair to continue their active engagement, assisted by the secretariat, in a structured conversation with the GCF Board, with a view to exploring and taking concrete steps to advance the options for fund-to-fund arrangements described in document GCF/B.22/09 and its Annex I;

(d) Request the secretariat to continue discussions with the GCF to advance the collaborative activities identified at the Annual Dialogue in November 2017, the Technical Workshop in February 2018 and the informal meetings between the Chair and Vice-Chair of the AFB and the Co-Chairs of the GCF in May and September 2018 and at the margins of the twenty-fourth session of the Conference of Parties to the United Nations Framework Convention on Climate Change (COP 24) held in Katowice, Poland; and

(e) Request the Chair and the secretariat to provide to the Board:

(i) A report on the progress made in the activities described in subparagraph (d) above at its thirty-sixth meeting; and

(ii) An update on the matters as referred to in subparagraphs (b) and (c) above once they have been considered by the GCF Board.

(Decision B.35.b/19)

¹ For further details, see Annex 2 to this document

3. As of the date of this document, the GCF Board has not yet considered matters as referred to in subparagraphs (b) and (c) of Decision B.35.b./19. Therefore, this document reports on the progress made in the activities described in subparagraph (d) of Decision B.35.b./19 and general update on collaboration between the Fund and GCF.

Annual Dialogue on climate finance delivery channels

4. As reported by the GCF secretariat in document GCF/B.25/Inf.07 and pursuant to the goal of enhancing complementarity and coherence with other climate funds, the GCF, together the Global Environment Facility (GEF) and the Climate Investment Funds (CIF), jointly published a synthesis report² which summarizes the findings of an analysis of synergies and complementarities between funding streams from different multilateral climate finance mechanisms in order to promote programming synergies across funds.

5. Given the challenges created by the COVID-19 pandemic and the postponement of the COP 26 until November 2021, the fourth annual dialogue of climate finance delivery channels was held virtually on 23 November 2020 with the participation of all funds including the Adaptation Fund, GCF, GEF and CIFs. It was unanimously acknowledged during the dialogue that the pandemic has had a significant impact on climate funds operations and would likely remain so in 2021. During the dialogue the funds shared experiences on how each fund was coping with the challenge, as well as lessons learned while supporting developing countries faced with additional challenges posed by the COVID-19 pandemic. A stocktaking exercise among the funds was also carried out on the progress in implementing the six activities of the 2019 roadmap (Annex I). Further to the 2019 roadmap and in order to further enhance the complementarity and coherence, the secretariats of all funds committed to explore a joint advocacy and communication plan in preparation for the COP26, targeted at among others, ensuring a financial balance between adaptation and mitigation; narrowing the financial gap of country needs; the sharing of experiences to propel a green recovery, and seeking political commitment. Pursuant to this, the funds agreed to developing a joint forward-looking communique with a common message of support to developing countries facing mounting challenges induced by the pandemic.

Pilot of Scaling-Up Approach between the Fund and the GCF

6. In line with the efforts by the Green Climate Fund (GCF) and the Adaptation Fund (AF) to promote complementarity and coherence including actions to maximise climate action benefits for recipient countries, both secretariats have started working on a structured common approach to further operationalize the potential for scaling up and replications in their portfolio of projects and programmes. The proposed approach sets out a structured modality for collaboration between the Fund and the GCF on project and programme scale-up, in the context of a broader set of efforts to ensure complementarity and coherence between the two funds. It is important to note that, thus far, successful collaborations between the Fund and the GCF have been ad hoc, which makes the need for a more structured approach to promoting complementarity and

² Joint synthesis report on “Synergies between climate finance mechanisms”, available at: <https://www.greenclimate.fund/sites/default/files/document/synergies-climate-finance.pdf>

coherence between both funds particularly important.

7. The Adaptation Fund, under its medium-term strategy (MTS) for the period 2018-2022 recognizes the important role of scaling up in maximizing the Fund's impacts on the ground. The Fund's MTS under its first pillar of "Action" aims to support countries to scale up effective projects and programmes with support from other climate funds and finance channels (including private sector). Many of the Fund's operations have already been scaled up by other donors including climate funds and bilateral donor entities.

8. Since its establishment, the GCF has been scaling up AF projects in a range of sectors including in climate resilient water management and multi-hazard early warning systems. Building on the success of AF projects in many countries and to maximize the climate impact for recipient countries, both funds are currently working on a framework which is not yet finalized.

9. The primary goal of this structured approach is to provide countries with access to incentives and benefits to scale-up successful smaller projects funded by one fund with resources from the other fund, such as scaling up AF projects with GCF resources. The complementary objectives are to: (i) Introduce the basic concept of what scaling-up means in alignment with the GCF programming and project approval processes (including the Project Approval Process and Simplified Approval Process) and help set the principle for an approach of reference, including synergy with the Fund and other climate funds, as appropriate, within the GCF operational framework; (ii) Establish an approach for identifying eligible projects for potential scaling-up with additional resources; (iii) Determine the incentives and outline the benefits for countries and their Designated Authorities (DAs) and Nationally Designated Authorities (NDAs) as well as AF Implementing Entities (IEs) and GCF Accredited Entities (AEs), to pursue scaling-up of successful AF projects through the GCF; and (iv) Define the process and steps to operationalize the development of projects to be scaled-up under this approach.

10. The scaling up approach document which is still under discussion between the two secretariats seeks to outline basic criteria for projects' eligibility for scaling up as well as to introduce four main steps and actions as part of the process necessary for scaling up projects between the two funds. In line with the key principle of country ownership and country-driven approach, the scaling up approach will be implemented in collaboration with country's representatives including the Designated Authorities and aligned with what has been identified by the countries' NAPs, NAMAs, NDCs and other national policies, strategies and plans.

11. In addition, both secretariats have set up a coordination mechanism, including the designation of focal points to promote the operationalization of the approach. In this mechanism, the secretariats engage in regular coordination and exchange on potential and existing project scale up.

Jointly supporting the community of practice for direct access entities (CPDAE)

12. The secretariat and GCF Secretariat have continued to jointly support the Community of Practice for Direct Access Entities (CPDAE) which is an autonomous community made up of

accredited National Implementing Entities (NIEs) of the Fund and accredited Direct Access Entities (DAEs) of the GCF.

13. The secretariats held numerous ad hoc meetings throughout 2020 together with the CPDAE Committee to discuss funding the CPDAE action plan. Discussions are on-going and the CPDAE committee is currently steering the development of a funding proposal for submission to the GCF for funding the CPDAE Action Plan. A webinar with national designated authorities of the GCF and CPDAE members is also planned in April 2021 to discuss the funding proposal and the planned activities of the community. The Fund also continues providing support for the immediate implementation of some elements of the action plan, including hiring a part time support person for the CPDAE Chair and Committee, maintaining a webpage on the Fund website which is temporarily hosting CPDAE content and other online materials, and is providing support for development of the CPDAE communication strategy and other communications materials.

Discussion on the complementarity between the AF and GCF on matters related to accreditation

14. In line with the operational linkages between the Fund and the GCF, the accreditation teams of the two secretariats have continued to engage and explore opportunities for complementarities regarding the fast-tracking of applicant entities already accredited or re-accredited with the funds. Secretariat's accreditation team will continue to exchange with the GCF accreditation team in order to better understand the approach and scope of the current reaccreditation process of the GCF which is outlined in document GCF/B.24/17³ and document GCF/B.28/12⁴. In subsequent engagements, both teams are intent on further discussing the strategic way forward to conclude the policies gap assessment and compatibility of the Funds.

³ Annex XXVI: Re-accreditation process for accredited entities, Document GCF/B.24/17, available at: <https://www.greenclimate.fund/sites/default/files/decision/b24/decision-b24-13-b24-a26.pdf>

⁴ Updated GCF accreditation framework, available at <https://www.greenclimate.fund/sites/default/files/document/gcf-b28-12.pdf>. Re-accreditation-related information is contained in paragraphs 67-78.

Recommendation

15. Having considered the ongoing efforts to enhance complementarity between the Adaptation Fund and the Green Climate Fund as outlined in document AFB/B.36/6 and its annex, the Adaptation Fund Board may want to decide to:

- (a) Take note of the report included in document AFB/B.36/6 which provides an update on the recent cooperation between the Adaptation Fund and the Green Climate Fund;
- (b) Request the Chair and Vice-Chair to continue their active engagement with the GCF Board, assisted by the secretariat, with a view to further exploring complementarity and coherence between the two funds and taking concrete steps to advance the options for fund-to-fund arrangements described in document GCF/B.22/09 and its Annex I; and
- (c) Request the secretariat to continue discussions with the GCF to advance the collaborative activities identified at the Annual Dialogue in November 2020 and progress in implementing the six activities of the 2019 roadmap (Annex I); and
- (d) Request the Chair and secretariat to provide the Board:
 - (i) A report on the progress made in the activities described in subparagraph (c) above at its thirty-seventh meeting; and
 - (ii) An update on the matter as referred to in subparagraph (b) above once it has been considered by the GCF Board.

Annex I - Climate Funds Collaboration Roadmap 2019-2020-2021

Topic	Activity	Timeframe ¹	Status
Indicators	1. Launch a climate funds collaboration platform on results, indicators and methodologies for measuring impact.	Kick-off call by early April 2020	Ongoing: Consultations on 2021 workplan is currently ongoing with other climate funds.
Programming, Scaling-up and Blended Finance	2. Identify options on joint programming, appropriate schemes to boost them and common areas to leverage the cooperative advantages responding to country demand, including to explore opportunities for scaling up, including sequencing finance and in particular using innovative financial instruments to scale up successful projects of other climate funds.	Upon approval of new programming strategies in, Secretariats to convene a discussion in 2021	On hold: Discussions started with CIFs to identify synergies between their new programming areas (currently fundraising for) and the GCF's strategic plan (recently adopted). Scaling-up approach (steps and dynamic) finalized between AF/GCF. AF to share first list of potential projects.
	3. Organize a technical exchange between Funds following adoption of ongoing strategic plan and programming documents to refine areas to leverage the strengths across the landscape, including to enhance due diligence.	Upon approval of new programming strategies in, Secretariats to convene a discussion in 2021	On hold: Discussions started with CIFs to identify synergies between their new programming areas (currently fundraising for) and the GCF's strategic plan (recently adopted).
	4. Engage with accredited entities for enhancing the adoption of blended finance.	GCF to share discussion note by concept note by May 30, 2020	On hold: Due to the Covid-19 pandemic this work has not started, but the GCF has been discussing internally options to proceed in 2021.
	Knowledge Management & Capacity Building	5. Analyze opportunities for knowledge management initiatives and sharing of lessons learned, including exchanges of best practices about operational processes, and how to implement them.	GCF and CIFs to share study by end of February 2020 and conversation on further collaboration to take place in May 2020
6. Operationalize support for the implementation of the Action Plan of the Community of Practice of Direct Access Entities.		AF and GCF to develop joint plan by April 30, 2020	Ongoing: Currently supporting the development of a GCF Readiness Proposal for 2 years of implementation of the Action Plan.
Communications & Outreach	7. Jointly crafting an advocacy and communication plan towards COP 26 including side events and a communique on Covid-19 support to countries	28 February 2021	New activity agreed at the 4 th annual dialogue, November 2020.