



ADAPTATION FUND

AFB/B.37-38/2
28 October 2021

Adaptation Fund Board

**COP26 CATALYST CALL TO ACTION:
TRANSFORMATIONAL CAPACITY BUILDING IN SUPPORT OF
THE PARIS AGREEMENT**

ENDORSEMENT BY THE ADAPTATION FUND

Background

1. The present document presents, for consideration and possible endorsement by the Adaptation Fund Board (the Board), the endorsement by the Adaptation Fund (the Fund) of the “COP26 Catalyst Call to Action: transformational capacity building in support of the Paris Agreement” under the United Kingdom (UK) COP26 Presidency initiative “COP26 Catalyst for Climate Action”.
2. In its role as the incoming COP26 Presidency and to better understand the capacity building challenges faced by developing countries and climate finance recipients, particularly those most vulnerable to climate impacts, and to providing opportunities to share positive experiences and lessons learned across different regions across the world, the UK has convened a group of partners under the COP26 Catalyst for Climate Action (COP26 Catalyst) to provide a framework to convene programmes, projects and expertise on capacity building across five thematic areas including the Access to Finance Workstream which aims to identify where partners face similar challenges and identify ways to address these through current practices or new and different ones.
3. Under the [Access to Finance Workstream](#), the UK COP26 has invited the Fund to join an “Access to Finance Action Group” whose role is to develop proposals for practical solutions and systematic changes to support capacity strengthening for access to finance, building on existing initiatives. The thinking of the group will be used to develop a series of written recommendations, including practical next steps, that will be presented at COP26. It is envisaged that these recommendations will set out a long-term vision and collaborative approach to capacity building; build on existing activities and consider where further action to deepen or refine capacity building activities could enhance outcomes; and set out the practical steps needed to implement such action. The Action Group has been constituted of country representatives (balanced between developed and developing countries) focused on capacity building and climate finance, climate funds, regional organisations, NGOs and organisations directly engaged in supporting capacity strengthening and also delivering climate change initiatives.
4. As part of its deliverables, the Action Group has produced (1) a set of recommendations and practical actions that address the challenges of capacity building for access to finance, to be discussed at the COP Catalyst Global Gathering and presented at COP26 and (2) a high-level statement as a call to action to be endorsed by partners involved in capacity building for climate action, including policy makers and providers of capacity building for climate finance.
5. This report provides a rationale for the Board to endorse the Fund signing of the “COP26 Catalyst Call to Action: transformational capacity building in support of the Paris Agreement” as presented in Annex 1.

Secretariat’s review of the draft statement and proposed recommendation

6. The secretariat has participated in the “Access to Finance Action Group” as an active member since its inception in September 2021 and provided the Fund’s views and perspectives on capacity building for climate finance including its support to countries through the readiness program, accreditation and overall project and programme support.
7. Overall, the secretariat is of the view the draft statement fits well with the Fund’s overall mandate as well as the strategic areas defined in the current medium-term strategy (2018-2022), as illustrated in the table 1 below:

Table 1: Overall alignment between the Fund’s MTS and draft statement “COP26 Catalyst Call to Action: transformational capacity building in support of the Paris Agreement”

Key actions in draft statement	Alignment with Fund’s MTS
1. Donors and providers should transform approaches and coordinate	<p>In line with the draft statement aiming to simply processes, one the MTS key output under “Action” pillar is to provide <i>“developing country parties” with efficient access to financial resources through Direct Access, simplified approval procedures & enhanced readiness support.</i></p> <p>In addition, the MTS cross-cutting theme of <i>“Building complementarity and coherence with other climate finance delivery channels”</i> aligns with this key action calling for “donor coordination”.</p> <p>MTS pillar <i>“the learning and sharing”</i> is fully aligned with the call for <i>“Conduct continuous learning, monitoring and evaluation”</i>.</p>
2. Donors and providers should help to meet long-term needs and <i>local needs</i>	<p>The Fund MTS is fully aligned with this action point. Through its “action” pillar, the Fund provides funding to countries <i>to identify effective adaptation practices, needs, priorities, and [provide] support (including through Direct Access) for adaptation actions and efforts so as to encourage good practices.</i> MTS crosscutting theme of <i>“Strengthening long-term institutional and technical capacity for effective adaptation”</i> also addresses this point.</p>
3. National leadership to set the agenda for climate action	<p>Country ownership is at the heart of the Fund’s operations as emphasized in founding decisions including decision1.CMP.3 that: <i>“Decides that the Adaptation Fund shall finance concrete adaptation projects and programmes that are country driven and are based on the needs, views and priorities of eligible Parties”.</i></p> <p>Through its direct access modality, enhanced direct access and overall operation, the Fund <i>is supporting country-led efforts to drive ownership and capacity down to the grass roots; and the Fund’s Readiness Programme for Climate Finance is helping some of the world’s most vulnerable countries take critical first steps.</i></p>

4. Support South-South and South-North knowledge exchange	The Fund has pioneered South-South cooperation as an effective capacity building for climate finance access. In addition, the MTS pillar on “innovation” aims to contribute to SDG17 to <i>“Enhance North-South, South-South and triangular regional and international cooperation on and access to science, technology and innovation”</i> and pillar “learning and sharing” that aims to generate and disseminates knowledge across Fund’s operations.
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8. In addition, given the Fund’s successful track record in climate finance mobilization for adaptation and its pioneer role in issues highlighted by the statement including among other the country ownership through direct access modality and the south-south cooperation, the Fund would gain visibility by joining this collective effort for greater actions for climate finance for adaptation. It is also important to note that this call for action does not create any new or additional commitment for the Fund.

9. Finally, the secretariat acknowledges that, as drafted, the statement does not create any new commitment or new action that is not already covered by the Fund’s overall mandate and its current MTS.

10. Having reviewed the draft statement and after further discussion with the Action Group members, the secretariat has concluded that signing the proposed statement would yield benefits to the Fund and its overall effort to support developing countries and would not require any new commitment, financial investment or involving major political risks.

11. However, considering the rules of procedure of the Board and the operational policies and guidelines, the secretariat has observed that the Fund does not have a specific policy governing signing such cooperative arrangements. Given the high-level nature of the request related to political statement and commitment, and following consultation with the Chair of the Board, the secretariat is conveying the matter to the Board for its consideration.

Recommendation

12. The Adaptation Fund Board (the Board) may consider and decide to:

- a) Approve the Fund’s endorsement of the draft statement “COP26 Catalyst Call to Action: transformational capacity building in support of the Paris Agreement” as contained in Annex 1 of document AFB/B.37-38/2;
- b) Authorize the Chair of the Board to sign, on behalf of the Board, the draft statement “COP26 Catalyst Call to Action: transformational capacity building in support of the Paris Agreement”.

Annex 1 – Draft statement “COP26 Catalyst Call to Action: transformational capacity building in support of the Paris Agreement”

The Paris Agreement provides us with a truly global framework for climate ambition and action. To achieve the objectives set out by the Paris Agreement, all countries must participate to their maximum potential.

We, as partners of the COP26 Catalyst for Climate Action, are calling for urgent, transformational change in the way that capacity building and financial support for climate action is designed and implemented.

Many years of capacity building for implementation of the Kyoto Protocol and the Paris Agreement has not yet delivered results on the scale we need. There is often a disconnect between those taking action in developing countries and those providing capacity building and financial support – many donors offer fragmented, short-term support that lacks alignment with the needs and priorities identified by recipient countries.

The following Call to Action is a product of consultations facilitated by the COP26 Catalyst for Climate Action with hundreds of stakeholders – both providers and recipients of capacity building and financial support – from across the world. In addition, four Action Groups have produced specific action recommendations for Access to Finance, Adaptation Communication, Carbon Markets Participation and Transparency and Reporting. The points below draw out some of the common themes from the Action Groups’ recommendations.

Meeting the urgency and ambition of the Paris Agreement: Four calls to action

1. Donors and providers should transform approaches and coordinate

Simplify processes

Donor demands on recipient countries to meet stringent requirements to access financial support present a critical barrier to implementing the Paris Agreement. Less capacity would be needed if processes were simpler, enabling resources and energy to be directed to productive areas of climate action.

Improve donor coordination

While diversity of capacity building support is essential, implementation can only be effective if it is coordinated. Enhanced coordination and harmonisation at national, regional and international levels can increase efficiency by preventing duplication.

Build donor capacities

Capacity building is often perceived as a linear approach from providers to recipients, yet it is relevant for all organisations and countries. Donors should not neglect to build their own capacities and understandings to better respond to recipients’ needs, and to mainstream compliance with the Paris Agreement throughout their programming.

Conduct continuous learning, monitoring and evaluation

Providers need to learn and apply lessons of shortcomings and best practices in capacity building approaches, including implementation of the Nairobi Framework. Capacity building should be an iterative, 'learning-by-doing' process that empowers countries to identify and assess their own needs and priorities and should include monitoring and evaluation processes to enable improvements over time.

2. Donors and providers should help to meet long-term needs

Respond to local needs

Capacity building initiatives should respond directly to local and national contexts and needs; no two countries' needs are the same.

Provide long-term support

Support needs to move from project-based to programmatic approaches, to be sustainable and long-term, and to focus on building capacity at an institutional level so that capacities continue to evolve and strengthen over time. Explore initiatives to mitigate 'brain drain' to avoid the flight of intellectual and technical capacity.

3. National leadership to set the agenda for climate action

Take a whole-of-society approach

Capacity building initiatives should facilitate a broad range of global, national and local actors to participate in assessment, design and implementation. A whole-of-society approach will unlock the potential of civil society, academia, the private sector and local communities, with gender and social equity at the heart of all capacity building efforts.

Build political will

Building high-level political will to raise the profile of capacity building nationally will support the mobilization of sufficient resources and enable targeted approaches in support of key national policies and strategies.

Engage non-climate actors in capacity building

Mainstream capacity for climate action across all development planning by leveraging and pursuing synergies between the Paris Agreement and development strategies.

4. Support South-South and South-North knowledge exchange

Increase support for knowledge exchange

Countries and regions can benefit immensely from peer-to-peer learning and exchange among climate practitioners. Providers should appraise existing programmes and find ways to strengthen mutual learning, including by improving the accessibility and salience of online resource hubs.

Listen to the global South

Most capacity building assumes that support should flow from the global North to the global South, but the wealth of experience and knowledge in the global South deserve to be shared and communicated more widely. Donors should invest more in South-South and South-North knowledge sharing.