



ADAPTATION FUND

AFB/B.39/7
3 October 2022

Adaptation Fund Board
Thirty-ninth meeting
Bonn, Germany, 13-14 October 2022

Agenda item 10 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 thirty-seventh 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.37/7 and its annex, the Adaptation Fund Board (the Board) decided to:

- (a) *To take note of the report set out in document AFB/B.37/7 providing an update on the recent cooperation between the Adaptation Fund and the Green Climate Fund (GCF);*
- (b) *To request the Chair and the 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, as described in document GCF/B.22/09 and its annex I;*
- (c) *To 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 to document AFB/B.37/7);*
- (d) *To request the Chair and secretariat to provide the Board with:*
 - (i) *A report on the progress made in the activities described in subparagraph (c) above at its thirty-eighth meeting;*
 - (ii) *An update on the matter referred to in subparagraph (b) above once it has been considered by the GCF Board.*

(Decision B.37/41)

3. At its the thirty-eight meeting, due to time constraint the Board could not discuss this item which was deferred to the next meeting (AFB.38).

4. 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

¹ For further details, see Annex 2 to this document

progress made in the activities described in subparagraph (c) of Decision B.37/41 and overall update on collaboration between the Fund and the GCF.

Annual Dialogue on climate finance delivery channels

5. The secretariat has participated in the fifth annual dialogue of climate delivery channels that took place on 3 November 2021 at the GCF-GEF Pavilion in Glasgow on the margins of the twenty-sixth meeting of the Conference of Parties (COP26). The meeting was organized in two sessions: 1) discussion on the Joint Funds Roadmap (Annex 1), and 2) an announcement of a Joint Funds statement on enhanced complementarity and collaboration (Annex 2).

6. As presented in Annex 1, the Joint Funds Roadmap has been under implementation for over two years and several of the proposed activities are well advanced and the heads of 4 funds expressed their satisfaction and appreciation for the continued collaboration led by the respective secretariats. The Adaptation Fund has been involved directly on the topic of (1) Programming, Scaling-up and Blended Finance; (2) Knowledge Management & Capacity Building and (3) Communications & Outreach and (4) Indicators. The Fund has respectively agreed with GCF on an AF-GCF Scaling-up approach currently under implementation at pilot stage, continued a joint AF-GCF support to for the implementation of the Action Plan of the Community of Practice of Direct Access Entities, joined the other funds in publishing a statement of Funds' support on Covid-19 to developing countries has been published in the respective webpages and social media of each Fund and organized two thematic virtual workshops and shared views and practices related to results measurement and methodologies on adaptation.

7. As agreed among the Funds at the fourth annual dialogue of climate finance delivery channels held virtually on 23 November 2020 and in the context of the COVID-19, the heads discussed and announced the Joint Statement on enhancing complementarity and coherence while driving further collaboration among the climate funds (Annex 2). The joint statement reiterates the strong commitment of all funds to further advancing complementarity by exploring synergies in programming, knowledge sharing, collaborative communication, and outreach. The joint statement has been posted on the websites of the respective climate funds.

8. In addition, the heads discussed (i) the role of multilateral climate funds in capitalizing climate finance while demonstrating their added value versus that of the multilateral development banks (MDBs) and (ii) the need to better understand the Funds' role in leveraging blended finance modalities in partnership with the MDBs as an area of common interest.

9. To further implement the joint Funds Roadmap, the Adaptation Fund will join the other funds in setting up a working session between the four secretariats to be organized in Q2-2022 to formulate and implement the work plan for the 2021 – 2022 Roadmap.

10. As part of the joint Funds roadmap update and to discuss any new development, a mid-year call between the heads of the Funds and supporting teams is expected to take place early September 2022. The meeting will discuss (i) the progress on joint funds roadmap; (ii) share updates on each Fund's programming; (ii) present each Fund's latest strategic and replenishment

process and (iii) discuss the outlook for the rest of the year and COP27.

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

11. As reported at the thirty-seventh meeting of the Board, AF and GCF secretariats continued the discussion on the proposed 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.

12. Both secretariats have started implementation of the structured approach with (i) the identification of an initial list of potential projects eligible for scaling up with GCF resources, (ii) an initial outreach and confirmation of interest by the countries designated authorities (DA) and implementing entities (IEs) and (iii) a further review of projects by the regional teams in the GCF secretariat.

13. As of today, potential eligible projects fulfilling the criteria set forth in the scale-up framework were identified and shared by the AF secretariat with the GCF. The GCF has been contacting the NDAs, and two thirds of the countries have been confirming interest in scaling-up their project/programme with GCF resources. The GCF is currently conducting its internal review and will update the secretariat on any further progress on this matter in the coming months.

14. Considering the progress made on the implementation of the scale-up framework including advanced discussions with four countries (Belize, Cambodia, Ecuador and South Africa) and to provide an update to all stakeholders, the GCF secretariat has reported to its Board on the status of the framework and overall engagement with the AF. Further information is contained in the GCF Board document GCF/B.34/Inf.07/Add.02².

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

15. 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.

16. The GCF has approved the funding support to CPDAE with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) selected as the delivery partner. The secretariat joined a meeting with GCF, GIZ and the CPDAE committee to launch the implementation of the CPDAE activities following approval of the proposal by the GCF secretariat in December 2021.

17. The AF will continue its engagement with CPDAE by supporting the CPDAE communication

² <https://www.greenclimate.fund/sites/default/files/document/gcf-b34-inf07-add02.pdf>

and outreach plan in 2022 as well as support to one CPDAE annual workshop scheduled in 2023.

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

18. 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. In February and March 2022, both secretariats held two virtual meetings, during which the parties underscored the need to further discuss and align, to the extent possible, the approach to the timing of the accreditation and re-accreditation application reviews. To better understand the eligibility of the respective IEs for fast-track accreditation and re-accreditation, the teams also exchanged relevant information on the accreditation status of IEs and agreed to share quarterly updates on such status. Possible action plan for 2022 between the secretariats was also considered, including where necessary, the possibility of a joint meeting with shared IEs on re-accreditation and potential direct exchanges between the Accreditation Panels of the two Funds.

19. At COP26, the GCF and AF held a bilateral meeting and discussed options to collaborate better on fast track (Re) accreditation issues. Both teams identified challenges and opportunities. It was clarified that GCF re-accreditation process includes fast-track process for the implementing entities of the Adaptation Fund. In the following meetings, the accreditation teams of both Funds have agreed on setting up a quarterly working session between the secretariats to be organized in 2022 to formulate and implement the work plan for a Roadmap on operational linkages on accreditation and re-accreditation.

Recommendation

20. Having considered the ongoing efforts to enhance complementarity between the Adaptation Fund and the Green Climate Fund as outlined in document AFB/B.39/7 and its annex, the Adaptation Fund Board may want to decide to:

- (a) Take note of the report included in document AFB/B.39/7 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 with:
 - (i) A report on the progress made in the activities described in subparagraph (c) above at its fortieth 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 2020 – 2021 (and views for continuation in 2022)

Topic	Activity	Time	Status
Indicators	1. Launch a climate funds collaboration platform on results, indicators , and methodologies for measuring impact.	2021-2022	Ongoing: Since early 2021, the Funds jointly held 4 thematic virtual workshops and shared views and practices related to results measurement and methodologies. These exchanges will continue in 2022 with views to further explore synergies identified among Funds.
Programming, Scaling-up and Blended Finance	2. Identify options on joint programming , schemes to boost them and common areas to leverage cooperative advantages responding to country demand, incl. to explore opportunities for scaling up , sequencing finance and using innovative financial instruments to scale up successful projects of other climate funds.	2021-2022	Ongoing: GCF-CIF discussions ongoing to identify synergies between CIF new programming areas (currently fundraising for) and the GCF's strategic plan. Ongoing: The AF-GCF Scaling-up approach is in execution. Phase C of its operationalization scheme is undergoing with both Funds reaching out to NDAs and Entities to discuss scaling-up of successful AF projects.
	3. Organize a technical exchange between Funds following adoption of GCF strategic plan and programming documents to refine areas to leverage strengths across the landscape , including to enhance due diligence.	2021-2022	Ongoing: GCF-GEF Long-term Vision developed and joint steering committee currently discussing operationalization. Finished: CIF leading development of Funds' joint statement of principles to be announced at COP26.
	4. Engage with accredited entities for enhancing the adoption of blended finance .	First half 2022	Ongoing: CIF-GCF discussing proposal to hold a roundtable with MDBs in early 2022 to discuss barriers and opportunities for blended finance. New: GEF to lead the development of a knowledge piece on blended finance with MDBs
Knowledge Management & Capacity Building	5. Analyze opportunities for knowledge management initiatives and sharing of lessons, incl. exchanges of best practices on operational processes, and how to implement them.	First half 2022	Ongoing: CIF with support from GCF is leading this activity and concept note has been shared with AF and GEF for feedback. To be developed in 2022
	6. Operationalize support for the implementation of the Action Plan of the Community of Practice of Direct Access Entities .	First half 2022	Ongoing: GCF, AF, together with GIZ as a delivery partner, have been supporting CPDAE and NDAs in the development of a GCF Readiness Proposal expected to be submitted for approval in Q4 2021.
Communications & Outreach	7. Jointly crafting an advocacy and communication plan towards COP 26 including side events and a communiqué on Covid-19 support to countries .	Second half 2022	Finished: Joint statement of Funds' support on Covid-19 to developing countries has been published in the respective webpages and social media of each Fund. Joint activities for COP26 also agreed, including events and announcements.
Coordination	8. Working session	First half 2022	New: Secretariats to organize joint working session to formulate and implement the workplan for the 2021 – 2022 Roadmap

Annex II: Joint Statement on enhancing complementarity and coherence

The Multilateral Climate Funds play a critical role in stimulating climate action that can accelerate the transition to a green, inclusive and climate resilient economy. By deploying innovative and scaled finance through strategic partnerships, the funds are able to drive down emissions and boost adaptive capacities to climate change while enhancing economic resilience, improving health, and creating the next generation of green jobs in developing countries.

The visions and missions of the Multilateral Climate Funds are partially shared and mutually reinforcing in their support to developing countries to implement the Paris Agreement and the United Nations Framework Convention on Climate Change (UNFCCC). The mission of the AF is to accelerate and enhance the quality of adaptation action in developing countries by financing concrete adaptation actions, innovation and multi-level learning that engage, empower and benefit the most vulnerable communities through inclusive and country-driven processes. CIF's mission is to mobilize its Multilateral Development Bank partners, governments, the private sector and local communities, to test and pioneer new technologies, create markets, and catalyze transformational change toward a more prosperous, equitable climate economy. The GEF's mission is to safeguard the global environment by helping developing countries meet their commitments to multiple environmental conventions and by creating and enhancing partnerships at national, regional, and global scales based on the principle of sectoral integration and systemic approaches to project and program financing. GCF's vision is to promote the paradigm shift towards low-emission and climate resilient development pathways in the context of sustainable development.

In recognition of aligned and complementary mandates, we, the undersigned secretariats of the Multilateral Climate Funds, have been enhancing our collaboration over the years through regular exchanges, information sharing for joint programming, operational and knowledge partnerships and joint communications. We established an Annual Dialogue of Climate Finance Delivery Channels in 2017 to guide these collaborative efforts.

Building on this work, we the undersigned secretariats of the Multilateral Climate Funds have identified opportunities to deepen our partnership in pursuit of enhanced complementarity and synergies that will help maximize the impact of our respective programs as part of our ongoing contribution to the operationalization of the Paris Agreement. Our approach and commitment are based on three pillars of partnership, as follows:

Explore synergies in programming: we will explore opportunities for synergies in programming bilaterally and across funds, to improve the effectiveness and efficiency in the provision of support for capacity building, project and program preparation; and investment planning policies and processes; and explore options for joint support for global and regional and national collaborating financing platforms.

Monitoring, evaluation and learning: Building on the Climate Funds Collaboration Roadmap agreed among the Funds in 2020, we will formalize a joint knowledge sharing partnership to better leverage lessons from across the funds and harmonize approaches, where feasible. This includes knowledge on key themes such as transformational change/paradigm shift, energy transitions, adaptation and resilience, gender, innovation and the resilient recovery from the COVID-19 pandemic, among others. We will also develop methodologies and guidance to maximize climate impacts through strong project design, monitoring and evaluation.

Communication and outreach: we will enhance outreach and communication efforts to improve visibility of efforts to support developing countries, and sharing of lessons learned from coordination and complementarity efforts. This effort will build on existing outreach efforts such as the recent

statement on Supporting developing countries on the road to a climate-resilient recovery from the COVID-19 pandemic and shared events at UNFCCC COPs.

To deliver on this commitment to enhance complementarity and collaboration, we, the Heads of the Secretariats of Multilateral Funds, commit to deliver on a roadmap of activities to advance the implementation of the abovementioned pillars of partnership and provide an update on the work at COP27.

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