



ADAPTATION FUND

ADAPTATION FUND - OVERVIEW

NIE Seminar 2023

Santo Domingo, Dominican Republic

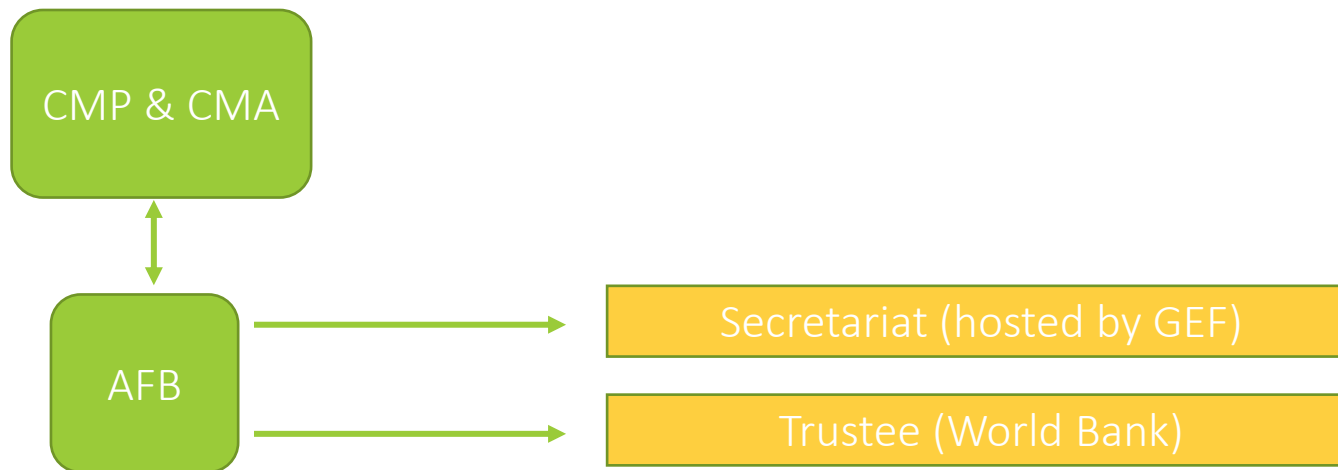
Introduction

- ❑ Set up under the Kyoto Protocol of the UNFCCC (**Fully operational in 2010**)
- ❑ **Mandate:** To finance concrete adaptation projects and programs in developing country Parties that are particularly vulnerable to the adverse effects of climate change
- ❑ “The Adaptation Fund shall serve the Paris Agreement under the CMA with respect to all Paris Agreement matters, **effective 1 January 2019.**” – **Decisions 13/CMA.1 and 1/CMP.14**
- ❑ The Adaptation Fund is one of several international funds in the multilateral climate finance landscape.



Governance & Institutional arrangements

- ❑ **Governance** → Adaptation Fund Board (AFB):
 - Composed of 16 members and 16 alternate members, and meets at least twice a year in Bonn, Germany.
 - Has legal capacity in Germany
- ❑ **Institutional arrangements:** The AFB reports to the CMP & CMA and is serviced by AFB Secretariat and the World Bank as a Trustee. Open-ended arrangement since CMP 15 (2019)
- ❑ Functionally independent secretariat: Capacity of 23 Staff & Consultants
- ❑ Functionally independent evaluation function: AF-TERG



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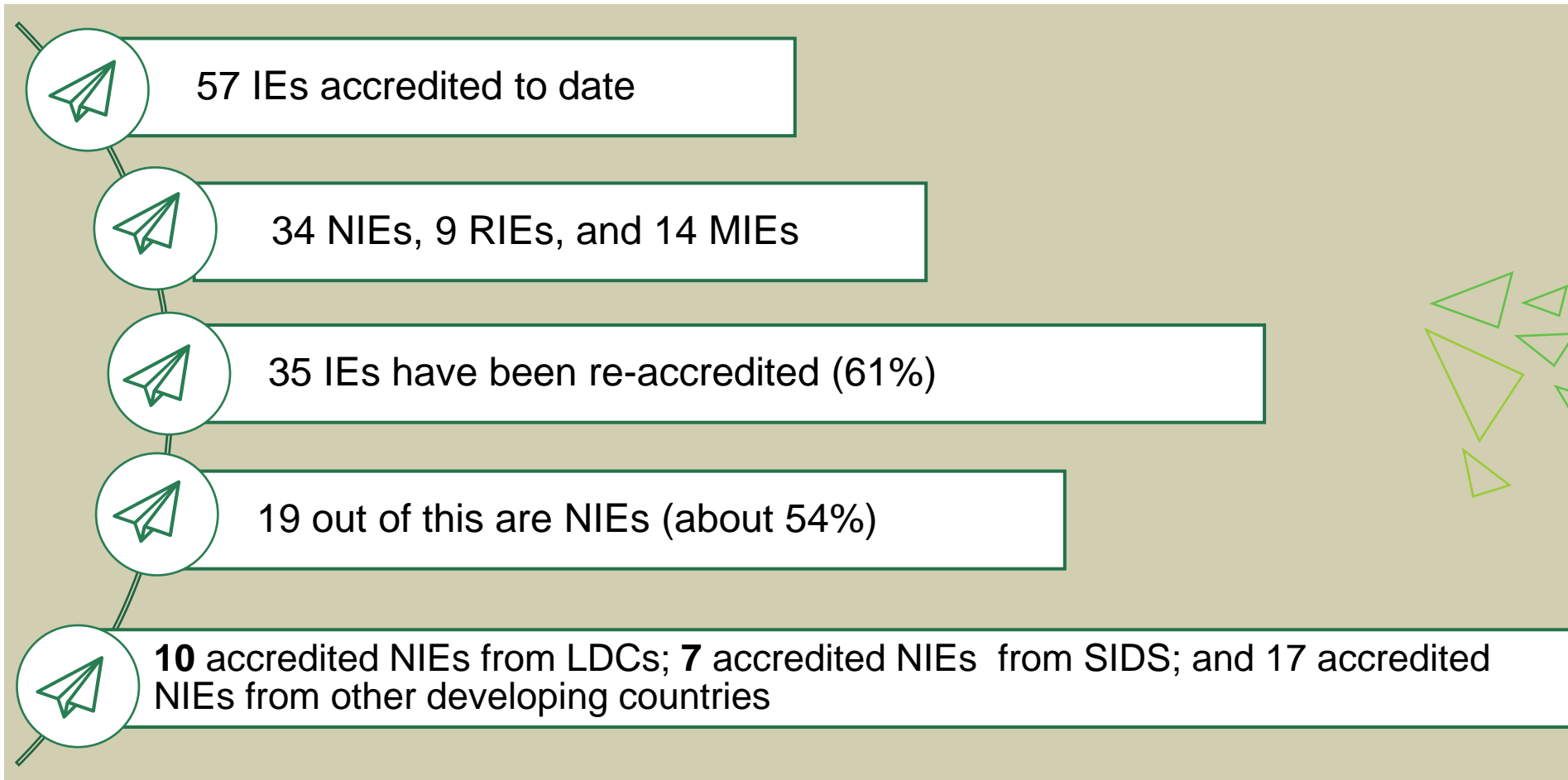
Funding sources

- ❑ Financed largely by government and private donors, and also from a **2%** share of proceeds from the sales of Certified Emission Reductions (CERs) issued under the Protocol's Clean Development Mechanism project. Decided to benefit from Paris Agreement, Article 6.4. Mechanism.
- ❑ Pledges/Number of contributors (2015-2022):

Target year	Pledges, total	# of Contributors
2015	US\$ 74.1 M	4
2016	US\$ 81.4 M	7
2017	US\$ 95.9 M	6
2018	US\$ 129.0 M	9
2019	US\$ 90.0 M	11
2020	US\$ 116.0 M	6
2021	US\$ 349.0 M	17
2022	US\$ 242 M	17



Portfolio of implementing partners







Reinforces AF's commitment to Direct access and the importance of country ownership and building national capacity in adaptation



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Adaptation Fund Funding Windows

	FUNDING TYPE	Accredited Entity Type	Maximum Funding Amount per Project/Program	How to Apply	Learning Resources
 <p>ACTION</p> <p>Action grants support eligible countries to undertake high quality adaptation projects/programmes consistent with their priority needs, goals and strategies.</p>	Single Country: For addressing climate change impacts in one country through tangible outcomes	NIE, RIE, MIE	USD 10 Million per Project/Programme*	Apply here for grant funding or technical assistance	E-course: Direct Access: Unlocking Adaptation Funding & Community of Practice for Direct Access Entities.
	Regional: For addressing climate change impacts in 2+ countries in the same United Nations region, or adjacent regions, through tangible outcomes	RIE, MIE	USD 14 Million per Project/Programme (excluding the PFG)**	Apply here for grant funding or technical assistance	E-course: Direct Access: Unlocking Adaptation Funding.
	Enhanced Direct Access: Supports bottom-up approaches through local knowledge and locally led action. Project selection occurs at national/sub-national levels.	NIE	USD 5 Million per Project/Programme (including the PFG)	Apply here for grant funding or technical assistance	EDA guidance document
	Project Scale Up: Supports planning, design and overall capacity to develop scale-up pathways for AF funded projects nearing completion or already completed	NIE	USD 100,000 per Project/Programme	Apply here	E-training: Scale-Up Grants
 <p>INNOVATION</p> <p>Innovation grants support the development and diffusion of innovative adaptation practices, tools, and technologies.</p>	Small (single country): To accelerate development of innovative practices, tools and technologies and demonstrate best practices for scale-up	NIE	USD 250,000 per Project/Programme	Apply here	E-training: Innovation Small Grants
	Large (single country or regional): To roll out or scale-up successful innovative practices, tools and technologies to a new country or at regional scale, involving 2+ countries/regions	NIE, MIE, RIE***	USD 5 Million per Project/Programme	Apply here	Innovation large grants guidance documents available here
	Adaptation Fund Climate Innovation Accelerator: Administered by UNDP & UNEP/CTCN to accelerate the development of innovative practices, tools and technologies and demonstrate best practices for scale-up	Non-accredited****	USD 250,000 per Project/Programme	Apply here for grant funding	UNDP UNEP/CTCN
 <p>LEARNING & SHARING</p>	Learning Grants: support the generation and dissemination of practical knowledge about effective adaptation activities and financing modalities to actors around the world	NIE	USD 150,000 per Project/Programme	Apply here for grant funding	E-training: Learning Grants
 <p>READINESS</p> <p>Readiness grants enable NIEs to provide peer support to countries seeking accreditation with the Fund and build capacity for undertaking various climate finance readiness activities.</p>	Readiness Support Package Grant: Facilitate the delivery of more enhanced, targeted and tailored readiness support for accreditation to developing countries	NIE	USD 150,000 per NIE	Apply here	Website: Readiness
	Technical Assistance Grant for the Environmental and Social Policy and Gender Policy: For NIEs to strengthen capacity to address and environmental and social risks as well as gender related issues in their projects and programs	NIE	USD 25,000 per NIE	Apply here	E-course: Direct Access: Unlocking Adaptation Funding
	Technical Assistance Grant for the Gender Policy: For NIEs with robust environmental and social policies to enhance measures to avoid, minimize and/or mitigate adverse gender impacts	NIE	USD 10,000 per NIE	Apply here	E-course: Direct Access: Unlocking Adaptation Funding

Notes:

*NIEs applying for single country projects through 2-step submission process (concept note; fully-developed proposal) with concept note can request a [Project Formulation Grant](#) (PFG) up to USD 50,000 in addition to the USD 10 million grant.

**RIEs and MIEs applying for regional projects (2+ countries) through the 3-step submission process (pre-concept note; concept note; fully-developed proposal) can request a PFG up to USD 20,000 with a pre-concept note and with a concept note a PFG up to USD 80,000. Those using the 2-step submission process (concept note; fully-developed proposal) can ask for PFG up to USD 100,000 with the concept note.

***For NIEs submitting proposals for large innovation grants, there is an opportunity to request a PFG of up to USD 50,000 per project. For a project for which PFG funding is sought, the total amount of funding inclusive of PFG cannot exceed USD 5 million. RIEs and MIEs submitting concept notes for large innovation grants for regional projects can request a PFG of up to USD 30,000. All IEs can apply to single country innovation large grants and MIE and RIEs only can apply to regional innovation large grants

****Open to wide range of applicants, including local governments, NGOs, young entrepreneurs, the private sector and others.

AF portfolio – Regional distribution to date

Multi
2 projects
\$10 Million

Latin America & Caribbean
32 projects
\$271.1 Million

Eastern Europe
6 projects
\$ 29.8 Million

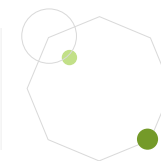
Asia-Pacific
54 projects
\$322.8 Million

Africa
53 projects
\$419.4 Million

TOTAL
149 projects
\$1,053.2 Million



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AF portfolio of projects – cont'd

❑ Project portfolio across diversity of sectors

- All projects tailored to local adaptation needs and country-driven



- Disaster Risk Reduction
19%



- Food Security
17%



- Agriculture
13%



- Water Management
12%



- Rural Development
12%



- Multi-sector
11%



- Coastal management
7%



- Ecosystem-based adaptation
4%



- Urban Development
4%



- Forests
1%



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Tangible results

IMPACT 1:

Reduction in vulnerability of communities and increased adaptive capacity of communities to respond to the impacts of climate change



11.59 million

DIRECT BENEFICIARIES

28.91 million

INDIRECT BENEFICIARIES

Number of direct beneficiaries is a conservative estimate, as it is not consistently reported (i.e. some projects report as no. of households)



526

EARLY WARNING SYSTEMS

Includes projects targeting several small scale EWS at the local level as well as those targeting one large regional system

IMPACT 2:

Strengthened policies that integrate climate resilience strategies into local and national plans



107

**POLICIES INTRODUCED
OR ADJUSTED TO ADDRESS**

CLIMATE CHANGE RISKS

Includes any policy whether at the local, regional or national level

IMPACT 3:

Increased ecosystem resilience in response to climate change induced stresses



635,296 ha

**HA OF NATURAL HABITATS
CREATED, PROTECTED OR
REHABILITATED RESTORED**



163,775 m

M OF COASTLINE PROTECTED

Medium Term Strategy 2023 to 2027

- 3 Strategic Pillars
- 6 Crosscutting Themes



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Theory of Change of the Medium-Term Strategy (2023 – 2027)

GOAL

People, livelihoods and ecosystems are adequately protected from the adverse impacts of climate change with their adaptive capacity enhanced, resilience strengthened, and vulnerability reduced in the context of climate-resilient and sustainable development.

VISION

Developing country Parties are successfully enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change through inclusive and transparent processes consistent with their adaptation needs and priorities under the Paris Agreement.

MISSION

The Adaptation Fund serves the Paris Agreement by accelerating effective adaptation action and efficient access to finance, including through direct access, to respond to the urgent needs and priorities of developing countries. The Fund does so by supporting country-driven adaptation projects and programmes, innovation, and learning with concrete results at the local level that can be scaled up.

OUTCOMES: STRATEGIC PILLARS

Linkages and synergies between support for adaptation action, innovation and learning and sharing are enhanced

CROSSCUTTING THEMES

All of the Fund's activities and processes are designed to:



Promote locally based or locally led adaptation



Enhance access to climate finance and long-term institutional capacity



Empower and benefit the most vulnerable people and communities as agents of change



Advance gender equality



Enable the scaling and replication of results



Strengthen complementarity, coherence and synergies with other adaptation funders and actors

ACTION

Developing countries are supported in undertaking and accelerating high-quality, local-level and scalable adaptation projects and programmes that are aligned with their national adaptation strategies and processes

EXPECTED RESULTS

1. Vulnerability reduced, resilience strengthened, and adaptive capacity enhanced
2. Access to finance and institutional capacities enhanced
3. Evidence for effective action generated and results scaled up

INNOVATION

Modalities for funding the development and diffusion of innovative adaptation practices, tools and technologies are expanded and risk-taking is encouraged

EXPECTED RESULTS

1. New innovations and risk-taking encouraged and accelerated
2. Successful innovations replicated and scaled up
3. Access and capacities enhanced for designing and implementing innovation
4. Evidence base generated and shared

LEARNING & SHARING

Knowledge and evidence on effective and innovative adaptation action and finance, including local and indigenous knowledge, is generated and disseminated with various stakeholders for application

EXPECTED RESULTS

1. Knowledge generation and dissemination of learning on effective, innovative and local adaptation increased and expanded
2. Capacity to capture and disseminate learning strengthened
3. Knowledge partnerships expanded and outreach increased

Proposed modalities for delivery & implementation in MTS-2

ACTION

- Support and programme increasing number of concrete projects/ programmes aligned with NAPs, NDCs etc.
- Expand Readiness Programme: more comprehensive and iterative, assessing needs and addressing gaps
- Expand support to locally-based and locally-led adaptation through direct access, EDA, and further modalities
- Expand engagement of local and vulnerable groups, incl. local private sector, in project cycle.
- Incentivize scalability and replicability as part of project design and implementation
- Identify ways to support related (novel or underrepresented) themes, sectors, and target groups with high relevance for/ synergies with effective adaptation

INNOVATION


- Expand innovation facility & access to innovation grants, incl. by non-accredited actors
- Enhance learning and sharing on innovation
- Readiness & capacity-building for innovation
- Modalities that target inclusion of youth, women, civil society, indigenous people, private sector etc.
- Modalities that can create space for risk-taking
- Partnerships for innovation in adaptation
- Explore alignment and synergies with UNFCCC technology framework

LEARNING & SHARING

- Expand learning grants
- Capture synergies with action and innovation e.g. capture learning from innovation portfolio
- Readiness and capacity-building for capturing learning
- Develop new knowledge partnerships e.g. with research institutions
- Further increase outreach and visibility of generated learning, incl. local and indigenous knowledge
- Support communities of practice and local-level partnerships



AF Funding Opportunities under Strategic Pillars

ACTION	INNOVATION	LEARNING & SHARING
Single country projects (<\$10M) within cap of \$20M per country <i>NIEs, RIEs, MIEs</i> & Project Formulation Grants: (<\$50,000) for NIE only	Small grants (<US\$250 k) to foster innovation practices in climate change adaptation (<i>NIEs</i>)	Learning grants (<US\$150 K) to share best practices and lessons learned (<i>NIEs</i>)
Regional projects (multi-country): <up to \$14M (<i>RIEs, MIEs</i>) & Project Formulation Grants	Small grants (<\$ 250k) in innovation for non-accredited entities (<i>AF Climate Innovation Accelerator through MIEs</i>)	
Enhanced Direct Access (EDA): <US\$ 5 M per country (<i>NIE</i>)	Large grants (<US\$5 M) to roll out innovative adaptation practices and tools <i>Single country (NIE, RIE, MIE) or regional (RIE, MIE)</i>	
Project scale-up grants < US\$100 k per project (<i>NIE</i>)		 ADAPTATION FUND

Proposed MTS-2 IP Delivery Methods & Activities

ACTION

**Single-Country Projects
(within country cap)
(NIEs/RIEs/MIEs)**
Increased impact & delivery
through direct access

**Regional Projects/
Programmes (RIEs/MIEs)**
Enhanced scope &
effectiveness, incl. relevant
sectors and themes

**Modalities / Facility for
Locally Led Adaptation**

**Existing EDA
(NIEs)**

**New EDA type
modality
(MIE/RIE)**

**Global Aggregator
(Non-accredited entities
through MIEs)**

Options for caps/ maximum amount per project of various grants
Review and revise proposal templates, review criteria, and guidance documents

Develop modalities: funding amount,
review criteria, templates etc.

Develop options for programmatic approaches through various funding windows for NAPs & NDC implementation

**Small grants for innovation
(NIEs)**
Simplify access & allow for
bundling with other small
grants

**Large grants for innovation
(NIE/RIE/MIE)**
Develop options for
enhanced risk-taking

**AF Climate Innovation Accelerator (AFCIA)
Non-accredited entities through MIEs (LLA type)**
Expand through existing & additional delivery
partners

Readiness support for innovation, learning on innovation, partnerships and approach for scaling up innovation, consider co-financing/blended finance, Community of Practice for innovation in adaptation etc.

Learning grants (NIEs)

Learning grants for RIEs/MIEs

Increase funding amount &
scope to include learning within
AF NIE portfolio

To develop joint studies with AF
on best practices etc.

Increase production, dissemination and visibility of
Fund's KM and learning products on emerging areas in
adaptation, incl. innovation, gender, LLA etc.

INNOVATION

LEARNING & SHARING

ENHANCED READINESS PROGRAMME

Incl. Readiness Package Grants, TA Grants for ESP & GP, Project scale up grants



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Enhanced Readiness Programme: Proposed modalities for more comprehensive & iterative support

- Enhanced support for accreditation of 2 NIEs per country & post-accreditation institutional capacity
- Enhanced support for project development
- Enhanced support to DAs for high-quality proposals/programmes that strengthen linkages with national adaptation processes

Readiness Package Grants

Increase outreach & uptake by increasing number of entities

Technical Assistance Grants for ESP & GP

Increase to up to US\$ 50,000

Project Formulation Grants

Increase by 50 – 100% for all project types

Project scale up grants

Increase to up to US\$ 300,000

Prepare options for supporting DAs through assistance provided regionally or globally

e.g. procurement

Consider options for institutional adjustments to enhance DA capacity (e.g. DA as institution + focal point as individual)

Broaden scope & eligibility:

- For NIEs to access more than once depending on needs
- For additional areas of technical expertise such as innovation, evaluation, EDA/LLA
- Consider expanding to RIEs

Expand scope and eligibility to include all AF projects incl. EDA/LLA & innovation



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New strategic emphasis on promoting locally led action

- AF was part of process for developing the **Principles for Locally Led Adaptation Action** & Board endorsed Principles for LLA in 2021
- Refers to modalities for **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.”
(Source: *Global Commission on Adaptation*, 2021)
- AF Board will consider **funding modalities & other support** for LLA at upcoming AFB.40 Board meeting in March 2023



Enhanced Complementarity & Coherence with Other Climate Funds

Strategic engagement at Funds' secretariat and Board levels

- Joint Climate Funds Annual Dialogues & Roadmap (between AF/GCF/GEF/CIF)
- Continuous engagement among the Funds on operational matters including project portfolio, collaboration platform on results management and reporting frameworks, support for resilient COVID-19 recovery, KM & communications, and scaling up projects

AF/GEF secretariat collaboration on portfolio development matters

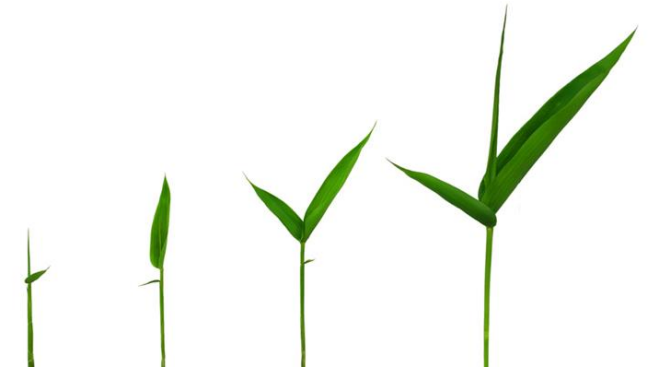
- GEF staff cross-support for AF portfolio quality at entry - GEF staff co-review of AF projects
- Synergies in implementing complementary projects (Honduras, Samoa, Tanzania) & projects that build on earlier GEF experiences (Antigua and Barbuda, Turkmenistan)
- Joint activities and events at COPs to share knowledge on best practices

AF/GCF collaboration to enhance climate finance access

- **Accreditation:** AF and GCF fast-track accreditation and Re-accreditation
- **Direct Access:** Joint support to Community of Practice of Direct Access Entities (CPDAE)
- **Project scale up:** Pilot of Scaling-Up Approach between the AF and the GCF (nearly 10 projects so far)

New emphasis on scaling up of results & strategic partnerships with other adaptation funders

- More support, guidance and partnerships for incentivizing **scalability and replicability** of results as part of project design and implementation
- **Leverage partnerships and synergies** with other adaptation actors and funders for more structured approaches to scaling up
- **Expand range of stakeholders & partnerships across operations** to maximize support to developing countries (incl. projects, readiness, innovation, knowledge management etc.)



For further information



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Helping developing countries build resilience and adapt to climate change



Medium-Term Strategy
2023-2027

Medium Term
Strategy
available on AF
website:
<https://www.adaptation-fund.org/document/medium-term-strategy-2023-2027/>

Overview of available funding opportunities & relevant links on AF website



Adaptation Fund Funding Windows

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Thank you!



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