



ADAPTATION FUND

AFB/B.42/15  
10 April 2024

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Adaptation Fund Board  
Forty-second meeting  
Bonn, Germany, 18 -19 April 2024

Agenda item 12 d)

## **UPDATE ON RESOURCE MOBILIZATION FOR THE FUND**

## Background

1. In October 2022, at its thirty-ninth meeting, the Adaptation Fund Board (the Board) approved the overall resource mobilization strategy (AFB/B.39/6/Add.1/Rev.1) and related action plan (AFB/B.39/6/Add.2/Rev.2) for the Adaptation Fund (the Fund) for 2022 – 2025 (Decision B.39/62). The approved resource mobilization strategy and action plan include the setting of progressive resource mobilization targets taking into account relevant goals for increasing global adaptation finance levels.
2. At the same meeting, the Board also adopted the second Medium-Term Strategy for the Fund for the period 2023 to 2027 (MTS 2023 – 2027)<sup>1</sup> in Decision B.39/61, and requested the secretariat to prepare, under the guidance of the medium-term strategy task force, a draft Implementation Plan for the Medium-Term Strategy for the Board's consideration at its fortieth meeting. In March 2023, at its fortieth meeting, the Board adopted the Implementation Plan for MTS 2023 – 2027, as contained in Document AFB/B.40/5/Rev.1 (Decision B.40/72).<sup>2</sup>
3. Together, the above mentioned documents provide a framework for the Fund's ambition and engagement with various stakeholders to secure increasing resources from different sources to channel adaptation finance to the most vulnerable communities for adapting to climate change.
4. At its fortieth meeting, *the Board decided to set a new resource mobilization target of:*
  - (a) An amount of US\$ 300 million for 2023; and
  - (b) A higher number of contributors than the previous year

**(Decision B.40/77)**
5. This document provides an update on resource mobilization for the Fund Board to inform the Board's consideration of further action on this matter, including the setting of new resource mobilization targets. This document has been informed by discussions and guidance from the Board's Resource mobilization task force, which has met virtually on 7 March 2024.<sup>3</sup>
6. In addition, Document AFB/B.42/5, *Report on the activities of the Secretariat*, includes an update on the secretariat's activities to implement the resource mobilization strategy and action plan, including the 2023 resource mobilization target.

## Total amount of pledges and contributions for 2023 towards the 2023 resource mobilization target

7. As of 31 December 2023, a total amount of US\$ 188.03 million in new pledges and contributions have been publicly announced or communicated to the secretariat by 14 contributor governments towards the 2023 resource mobilization target set by the Board through decision

<sup>1</sup> Available at: <https://www.adaptation-fund.org/document/medium-term-strategy-2023-2027/>

<sup>2</sup> Available at: <https://www.adaptation-fund.org/document/implementation-plan-for-medium-term-strategy-of-the-fund-for-the-period-2023-2027/>

<sup>3</sup> The Board's Resource mobilization task force was established in December 2012 as a Fundraising task force (Decision B.19/29) and renamed in 2014 as Resource mobilization task force (Decision B.24/28).

B.40/77. This includes tranches for 2023 from six multi-year pledges. The number of contributors includes one first-time contributor and three sub-national government contributors.<sup>4</sup> *Table 1* below contains a full overview of the 14 national and sub-national contributor governments and their respective pledges for 2023. Out of the total amount of US\$ 188.03 million in pledges for 2023, US\$ 145.64 million has been received in paid contributions, which leaves a remaining amount of US\$ 41.15 million (as of 1 April 2024).

8. With regard to pledges made in previous years without reference to a disbursement calendar at the time of pledging, about US\$ 128.01 million is outstanding, including USD 75 million pledged by the United States and EUR 50 million pledged by the European Commission, (noting with appreciation that the Fund has received USD 25 million contributed by the United States and EUR 50 million by the European Commission). The European Commission is scheduled to make the remaining payments of EUR 30 million in 2024 and of EUR 20 million in 2025.

**Table 1: Overview of pledges for 2023**

Contributor	Currency	Pledge Amount for 2023	Currency conv rate 1 Dec 2023	Pledge Amount for 2023 in USD	Multi-Year Pledge	Currency conv rate 1 Dec 2023	Multi Year Pledge Amount in USD	Total pledges in USD (single and multi-year)
Austria	EUR	20,000,000	0.912	21,929,825				21,929,825
Belgium - Brussels Region	EUR	2,653,374	0.912	2,909,401.32				2,909,401.32
	EUR	5,300,000	0.912	5,811,403.51				5,811,403.51
Belgium-Walloon Region	EUR	1,396,000	0.912	1,530,701.75				1,530,701.75
Canada-Quebec	CAD	10,000,000	1.361	7,347,538.57				7,347,538.57
Denmark	DKK		6.801		50,000,000	6.801	7,351,860.02	7,351,860.02
France	EUR	10,000,000	0.912	10,964,912.28				10,964,912.28
Germany	EUR	60,000,000	0.912	65,789,473.68				65,789,473.68
	USD	0	1	-	400,000	1	400,000.00	400,000.00
Iceland	ISK	25,000,000	137.19	182,229.03				182,229.03
Ireland	EUR		0.912		6,000,000	0.912	6,578,947.37	6,578,947.37
Luxembourg	EUR	1,000,000	0.912	1,096,491.23				1,096,491.23
	NOK	0	1	-	70,000,000	10.696	6,544,502.62	6,544,502.62
Norway	NOK	0	1	-	48,830,000	10.696	4,565,258.04	4,565,258.04
South Korea	KRW	0	1	-	1,200,000,000	1287.45	932,075.03	932,075.03
Spain	EUR	20,000,000	0.912	21,929,824.56		0.912	-	21,929,824.56
	SEK	130,000,000	10.377	12,527,705.50				12,527,705.50
Sweden	SEK	100,000,000	10.377	9,636,696.54				9,636,696.54
<b>TOTAL 2023</b>				<b>161,656,202.54</b>			<b>26,372,643.08</b>	<b>188,028,845.62</b>

<sup>4</sup> See official AF press release on the outcome of the 2023 Contributor Dialogue: <https://www.adaptation-fund.org/press-release-adaptation-fund-mobilizes-nearly-us-160-million-in-new-pledges-at-cop28-for-the-most-climate-vulnerable/>.

## Initial resource mobilization prospect for 2024 based on existing trends

9. *Voluntary contributions:* The resource mobilization prospect for the Fund for 2024 at this early stage of the calendar year includes many uncertainties as most contributor governments usually signal their intention to pledge during the second half of the year and/or towards the annual Contributor Dialogue. The only indication at this stage is the expected annual tranches for 2024 from five existing multi-year pledges, as well as one new multi-year pledge that has not yet been publicly announced. The total amount of the six tranches from multi-year pledges expected for 2024, as of 18 March 2024, is US\$ 21.74 million.

10. *Share of proceeds from carbon markets:* Regarding the resources generated from a share of proceeds from international carbon markets, no drastic change in the trend of revenues received through CER sales can be expected in 2024. As of 31 December 2023, a total amount of USD 215.12 million was received from CER sales since May 2009. Between 1 January 2023 to 30 September 2023, an amount of USD 2.59 million was received from CER sales by the Trustee.<sup>5</sup> The share of proceeds of five percent to be derived from the mechanism under Paris Agreement Article 6.4 has not yielded revenue to the Fund, yet.

11. *Contributions from sources alternative to government funding:* The Fund will continue its outreach to potential private sector contributors, such as foundations, charitable organizations, non-profit organizations, private individuals, and private sector companies, to raise awareness about the possibility of donating directly to the Adaptation Fund through the private donation route on the AF website in partnership with United Nations Foundation (“Donate Button”), established in 2012.<sup>6</sup> Modest amounts of donations have been received through this route 2020 (US\$ 26,010.16 from 2020 to 2023). The second available route for private sector contributors is to make a contribution to the AF Trust Fund directly, following the processes described in the *Procedural steps to be taken for receiving contributions from sources alternative to government funding*, as contained in Document AFB/B.35-36/3/Rev.1 and approved by the Board in Decision B.35-36/9.

## Projected funding needs

12. The Fund’s annual resource mobilization targets and outcomes can be assessed against the active pipeline of submitted project proposals. The current active pipeline has been steadily increasing in the previous five years (see *Table 2* below) and currently amounts to US\$ 398.71 million.<sup>7</sup>

13. A further increase in demand can be expected due to several Board decisions that increase the Fund’s ambition, including the raising of the country cap for regular single-country projects and programmes to US\$ 20 million per country (Decision B.36/41) and the accreditation

<sup>5</sup> See the AF Trust Fund Financial Report Prepared by the Trustee As of December 31, 2023, available at: <https://fiftrustee.worldbank.org/en/about/unit/dfi/fiftrustee/reports?fundName=ADAPT&folderName=Trustee%20Reports>.

<sup>6</sup> Available at: <https://www.adaptation-fund.org/donate/>.

<sup>7</sup> Available at <https://www.adaptation-fund.org/projects-programmes/active-pipeline/>.

of up to two NIEs per country (Decision B.36/42), the creation of other grant windows outside the country cap under the first MTS, and the planned new windows and expansion of existing windows under the second.

14. Cumulative and annual funding approvals have also been increasing steadily each year. During the pandemic years 2020 to 2021, the level of annual funding approvals was less than half of before the pandemic due to the pandemic-related challenges (see *Table 2* below). Since the pandemic, funding approvals have increased again and are expected to increase further due to the increasing active pipeline and the Fund's enhanced proposal submission and review process on a rolling basis that allows for faster processing of proposals and increased approvals (Decision B.40/59).

15. At the same time, funds available for new funding decisions decreased after 2018, and between 2019 and 2022 modestly increased again to 2018 levels. In 2023, they have reached the highest level yet with US\$ 526.45 million available for new funding decisions as of 31 December 2023 (see *Table 2* below).

**Table 2: Trends in funding availability, approvals and demand in the active pipeline**

Year	Funds available for AF Board funding decisions	Cumulative funding approvals	Annual funding approvals	Active pipeline
2019	US\$ 191.73 million	US\$ 775.39 million	US\$ 195.66 million	US\$ 248.76 million
2020	US\$ 253.50 million	US\$ 846.97 million	US\$ 71.58 million	US\$ 286 million
2021	US\$ 271.49 million	US\$ 942.03 million	US\$ 95.06 million	US\$ 279 million
2022	US\$ 290.58 million	US\$ 1,078.13 million	US\$ 136.10 million	US\$ 325.84 million
2023	US\$ 526.45 million	US\$ 1,236.95 million	US\$ 158.82 million	US\$ 364.41 million

16. Overall, demand for AF financing is expected to increase in line with the increasing need for adaptation finance as outlined in the Adaptation Gap Report 2023<sup>8</sup> and the ambition of the second Medium-Term Strategy (MTS-2). The MTS-2 Implementation Plan that was approved by the Board in March 2023 includes among other relevant outputs and activities the development of options for raising the caps of single-country, regional, and EDA projects/ programmes. To implement this plan, the Board may consider adjusting the current project caps to counteract inflation: currently US\$10 million only has the same real value (in the United States) as US\$ 7.2 million had in March 2011 when the cap was put in place and would need to be increased to US\$ 13.9 million to bring it to 2011 levels in real terms<sup>9</sup>. In addition, the Board may wish to consider

<sup>8</sup> UNEP's *Adaptation Gap Report 2023: Underfinanced. Underprepared – Inadequate investment and planning on climate adaptation leaves world exposed* is available at <https://www.unep.org/resources/adaptation-gap-report-2023>.

<sup>9</sup> Figures are derived from the US Bureau of Labor Statistics' (BLS) Consumer Price Index (CPI) Inflation Calculator available at: <https://data.bls.gov/cgi-bin/cpicalc.pl>.

increased level of financing for single-country, regional, and EDA projects to respond to the increasing needs of adaptation at country level as well as to benchmark against other climate funds (e.g. the Green Climate Fund's Simplified Approval Process projects have been increased from US\$ 10 million to US\$ 25 million).

### Previous resource mobilization targets

17. The Fund's minimum resource mobilization target for the 2016-2017 period was US\$ 80 million per year and was raised to US\$ 100 million per year for the 2018-2020 period in response to growing demand. For the period of 2021-2022, the Board increased the minimum target to US\$ 120 million per year, noting that more resources would be welcome to meet the demands of countries as expressed in a growing active pipeline of submitted proposals to the Fund. Annex 1 of this document contains previous Board decisions related to setting resource mobilization targets for the Fund.

18. The Fund has been largely successful in meeting these targets, even in 2020 during the challenging context of the global COVID-19 pandemic (see *Table 3* below). The resource mobilization outcomes for the years 2021 and 2022 significantly exceeded the target for the period 2021 – 2022 with the 2021 outcome almost tripling and the 2022 outcome doubling the target amount. The 2023 target has not been met with the outcome falling short by US\$ 112 million (over one-third of the target amount).

19. For 2023, the Board for the first time set a two-fold target that includes an amount to be mobilized as well as a minimum number of contributors. The 2023 target was also the first single-year target following the previous annual targets for a two-year or three-year period (see *Table 3* below).

**Table 3: Overview of annual resource mobilization targets and outcomes**

<i>Year/period</i>	<i>Resource mobilization target</i>	<i>Resource mobilization outcome</i>
<b>2016 - 2017</b>	US\$ 80 million per year	US\$ 81 million (2016) & US\$ 93 million (2017)
<b>2018 - 2020</b>	US\$ 100 million per year	US\$ 129 million (2018) & US\$ 89 million (2019) & US\$ 116 million (2020)
<b>2021 - 2022</b>	US\$ 120 million per year	US\$ 353.32 million (2021) & US\$ 241.03 million (2022)
<b>2023</b>	US\$ 300 million per year and a higher number of contributors than the previous year	US\$ 188.03 million and 14 contributors
<b>2024</b>	<i>The target has not been set</i>	<i>To be determined</i>
<b>2025</b>	<i>The target has not been set</i>	<i>To be determined</i>

## Considerations for setting new resource mobilization targets

20. Based on the Fund's practice and experience with setting previous resource mobilization targets, considerations for any future targets may include:

- i. *Duration*: Setting annual targets for single-year, two-year, or even multi-year periods
- ii. *Scope*: Setting a target for a resource mobilization amount or adding other elements such as the number of contributors; and
- iii. *Progression*: Setting progressive targets to increase the resource mobilization ambition over time.

21. The Board may wish to take into account these considerations when considering the following options for setting a new resource mobilization target for 2024 and beyond:

- 1) *Option 1 ("default" option/ status quo)*: The Board may wish to repeat the 2023 resource mobilization target as set in Decision B.40/77, for the year 2024, thereby continuing the practice of setting annual targets for a two-year period:
  - (a) An amount of US\$ 300 million for 2024; and
  - (b) A higher number of contributors than the previous year
- 2) *Option 2 (new target)*: The Board may wish to set a new (single-year or multi-year) target that does not repeat the 2023 target.

## Recommendation

22. Having considered the information contained in document AFB/B.42/15, the Adaptation Fund Board (the Board) may want to decide to set a new resource mobilization target in line with option 1 or 2 in document AFB/B.42/15.

## Recommendation

23. Having considered the information contained in document AFB/B.42/15, the Adaptation Fund Board (the Board) may want to decide to request the secretariat to prepare options for raising the country cap and the maximum project size for all Adaptation Fund projects/programmes for the Board's consideration at its forty-third meeting.

## **Annex 1: Previous Board decision related to setting resource mobilization targets**

### US \$80 million per year target for 2016-2017 (Decision B.27/36)

*Having considered the report and recommendations of the Resource Mobilization Task Force, the Adaptation Fund Board decided to:*

- (a) Request the secretariat to prepare, in collaboration with the Resource Mobilization Task Force, an updated resource mobilization strategy, to be presented to the Board at its twenty-eighth meeting;*
- (b) Set a new resource mobilization target of US\$ 80 million per year for the biennium 2016-2017; and*
- (c) In order to update the composition of the task force set up by decision B.25/1, appoint the following new members of the task force, to replace members that had left:
 
  - (i) Mr. Antonio Navarra (Italy, Western European & Others Group), who would replace Mr. Michael Kracht as a co-coordinator of the task force;*
  - (ii) Mr. Aram Ter-Zakaryan (Armenia, Eastern Europe); and*
  - (iii) Mr. Lucas di Pietro Paolo (Argentina, Group of Latin American & Caribbean Countries).**

**(Decision B.27/36)**

### US \$90 million per year target for 2018-2019 (Decision B.31/31)

*Having considered the comments and recommendation of the Resource Mobilization Task Force, the Adaptation Fund Board (the Board) decided:*

- (a) To approve a new resource mobilization target of US\$ 90 million per year for the biennium 2018-2019; and*
- (b) To request the secretariat to assess the feasibility of opening “fundraising drives” associated with specific themes and topics in order to complement the overall resource mobilization campaign.*

**(Decision B.31/31)**

### US \$120 million per year target for 2020-2021 (Decision B.35.b./22)

*Having considered the recommendation of the Resource Mobilization Task Force, contained in document AFB/B.35.b/Inf.8, the Adaptation Fund Board (the Board) decided to:*

- (a) Approve a new resource mobilization target of US\$ 120 million per year for the biennium 2020-2021, with the understanding that this is an indicative target and that support exceeding it would be welcome; and*
- (b) Request the secretariat to highlight, in its communications and outreach activities, how the overall adaptation funding needs according to the strategic priorities of the Adaptation Fund set out in its Medium-term Strategy on action, as well as due to the impacts of the COVID-19 pandemic, particularly on poor and vulnerable populations, have increased and how this is reflected in increased need for support by the Fund.*

**(Decision B.35.b/22)**



US \$300 million for 2023 and a higher number of contributors than the previous year (Decision B.40/77)

*Having considered its discussions on resource mobilization strategy and action plan for the period 2022–2025 at the thirty-ninth meeting and documents AFB/B.39/6/Add.1/Rev.2 and AFB/B.39/6/Add.1/Rev.1, and following discussions at the fortieth meeting, the Adaptation Fund Board decided to set a new resource mobilization target of:*

- (a) An amount of US\$ 300 million for 2023; and*
- (b) A higher number of contributors than the previous year.*

**(Decision B.40/77)**