



ADAPTATION FUND

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Agenda item 19)

**ADDITIONAL DELIVERY MODALITIES FOR EXPANDING SUPPORT TO LOCALLY LED
ADAPTATION**

Background

1. The Adaptation Fund Board (the Board) adopted at its thirty-ninth meeting in October 2022 the medium-term strategy of the Adaptation Fund (the Fund) for the period 2023-2027 (MTS-II), annex 2 to document AFB/B.39/5/Rev.2. The strategy introduced a special emphasis on promoting locally led adaptation (LLA) in the Fund's work and included a new cross-cutting theme to "*Promote locally based and locally led adaptation action including by devolving access and decision-making on adaptation finance to national, subnational, and local levels.*"

2. The Adaptation Fund Board further adopted at its fortieth meeting the implementation plan of the MTS-II, as contained in the annex to document AFB/B.40/5/Rev.1. The implementation plan further defined actions and options to be undertaken by the Fund to expand support for LLA. The Board also requested the secretariat to "*prepare, for each proposed type of new or adjusted grant and funding window, a specific document containing objectives, review criteria, expected grant sizes, implementation modalities, review process and other relevant features, and present them for consideration by the Board, in accordance with the tentative timeline contained in the Annex I to document AFB/B.40/5/Rev.1.*" (Decision B.40/72, para (b) (iii))

3. The implementation plan identified the following actions for the implementation of the cross-cutting theme "Promote locally-based or locally led adaptation actions":

- Under the action pillar
 - a. *The Fund will continue to support concrete adaptation projects and programmes that meaningfully involve and deliver benefits to local actors and the Board will be invited to consider enhanced project review criteria, proposal templates and guidelines, as well as revised project reporting requirements.*
 - b. *To expand support to modalities that promote locally led action, and expand the reach of the Fund, it is proposed to enhance measures, including the existing Enhanced Direct Access window, a new Global MIE Aggregator programme for channeling grants for LLA to non-accredited entities, and opening the option for EDA-type national programmes for MIEs and RIEs.*
 - c. *The proposed new aggregator programme would resemble the model of the AF Climate Innovation Accelerator (AFCIA) but would be focused on LLA. Accredited MIEs could be invited to express interest for administering such a programme, especially those MIEs that are active in LLA relevant themes, sectors and target groups.*
 - d. *Such a vehicle for LLA grants through global MIE aggregators would also be an opportunity, among others, for the Board to identify, on a pilot basis, sectors, themes or target groups with high impact potential or relevance for adaptation and/or that are currently being underrepresented in adaptation, such as related to health, biodiversity and nature-based solutions, fragile and conflict-affected settings, Indigenous Peoples etc.*

- Under the innovation pillar:
 - a. *The Fund will expand its existing portfolio of “locally led adaptation” under the Adaptation Fund Climate Innovation Accelerator (AFCIA) by inviting further delivery partners for channeling grants to non-accredited entities for innovation.*
- Under the learning and sharing pillar:
 - a. *The Fund will expand its knowledge base and knowledge products on successful and efficient adaptation actions involving local actors through different modalities, and will enhance its participation in the community of practice for locally led adaptation.*
 - b. *It will promote locally led adaptation by sharing local communities and vulnerable groups’ adaptation experiences and roles as “agents of change”, including indigenous and traditional knowledge and intersectional perspectives.*
- *Recognizing the specific nature of LLA interventions which require dedicated capacity and significant resources for successful project implementation, the Fund will further explore options to promote awareness and support capacities for LLA financing models through the Fund’s accreditation and re-accreditation process and the Fund’s enhanced readiness programme.*

4. The present document is developed in response to the Board’s request in paragraph b (iii) of Decision B.40/72 and provides details on the proposed delivery modalities outlined in the MTS implementation plan for expanding support the Fund’s for LLA.

Locally led adaptation Principles

5. With increased experience in adaptation projects, most lessons learned show that adaptation action is more efficient when designed and overseen at the local level, as local actors, communities and governments are more directly engaged and empowered and can adopt flexible and incremental solutions that accommodate future changes in climate risks.

6. The IPCC sixth assessment report along with several studies highlight that only a small portion of allocated funding reaches local actors. Several organizations investing in adaptation to climate impacts are recognizing the value of locally led adaptation to manage climate risks faced by local actors and in particular local communities and Indigenous peoples as well as local governments.

7. In January 2021, the Global Commission on Adaptation launched a set of principles, based on over a year of consultations in which the Fund had actively participated, and aimed to strengthen LLA. These principles call for devolving access and decision-making on adaptation finance to national, subnational, and local levels. The Adaptation Fund had actively contributed to the development of the LLA principles, as outlined in document AFB/B.35-36/5 and was one of the first funders to endorse them, through decision B.35-36/14. During the process of developing the principles, and as a contribution to the process, the Fund also issued the publication “Local Leadership in Adaptation Finance” in September 2020, which built on the Fund’s experience on LLA.

8. As of February 2024, close to 130 organizations and governments have endorsed these principles, committing to make changes and strengthening existing efforts to meet this urgent adaptation agenda. The list of organizations and governments that have endorsed the LLA principles include a number of contributor countries and bilateral funding agencies (e.g. Agence Française de Développement (AFD), Swedish International Development Cooperation Agency (Sida), U.S. Agency for International Development (USAID), Ministries of foreign affairs of Denmark, Finland, Japan, Netherlands, Norway, United Kingdom, etc.), as well as ministries and agencies from developing countries (e.g. Antigua and Barbuda, Burkina Faso, Costa Rica, Jamaica, Malawi, Mozambique, Nepal, South Africa, Uganda, Vanuatu, etc.). A community of practice composed of organizations that endorsed the principles, and of which the Adaptation Fund is member, is currently coordinated by the World Resources Institute (WRI) and the International Institute for Environment and Development (IIED).

The 8 principles for locally led adaptation

1. *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, prioritised, designed and implemented; how progress is monitored; and how success is evaluated.

2. *Addressing structural inequalities faced by women, youth, children, disabled and displaced people, Indigenous Peoples and marginalised ethnic groups*

Integrating gender-based, economic and political inequalities that are root causes of vulnerability into the core of adaptation action and encouraging vulnerable and marginalised individuals to meaningfully participate in and lead adaptation decisions.

3. *Providing patient and predictable funding that can be accessed more easily*

Supporting long-term development of local governance processes, capacity, and institutions through simpler access modalities and longer term and more predictable funding horizons, to ensure that communities can effectively implement adaptation actions.

4. *Investing in local capabilities to leave an institutional legacy*

Improving the capabilities of local institutions to ensure they can understand climate risks and uncertainties, generate solutions and facilitate and manage adaptation initiatives over the long term without being dependent on project-based donor funding.

5. *Building a robust understanding of climate risk and uncertainty*

Informing adaptation decisions through a combination of local, Indigenous and scientific knowledge that can enable resilience under a range of future climate scenarios.

6. *Flexible programming and learning*

Enabling adaptive management to address the inherent uncertainty in adaptation, especially through robust monitoring and learning systems, flexible finance and flexible programming.

7. *Ensuring transparency and accountability*

Making processes of financing, designing and delivering programmes more transparent and accountable downward to local stakeholders.

8. *Collaborative action and investment*

Collaboration across sectors, initiatives and levels to ensure that different initiatives and different sources of funding (humanitarian assistance, development, disaster risk reduction, green recovery funds and so on) support one another, and their activities avoid duplication, to enhance efficiencies and good practice.

9. The principles for LLA align with the Adaptation Fund's mission to accelerate effective adaptation action and efficient access to finance, and with its existing policy frameworks, including its environmental and social policy, gender policy. All of the Fund's activities are designed to promote locally based or locally led action, enhance access to climate finance and long-term institutional and technical capacities, empower the most vulnerable people and communities as agents of change, advance gender equality, encourage and enable the scaling and replication of results, and strengthen complementarity, coherence and synergies with other adaptation funders and actors.

Locally led adaptation in the global landscape of adaptation finance

10. In addition, various funds and organisations are developing programmes on locally led adaptation. These include the Green Climate Fund, the GEF, the World Bank, The Asian Development Bank and many bilateral agencies.

11. The GCF's Strategic Plans, which sets out the Fund's strategic and operational priorities for its current programming period. The plan identifies locally led adaptation as an important modality in its adaptation work. The GCF aims to "significantly expand deployment of the enhanced direct access (EDA) modality and other devolved financing approaches to enable more rapid access to finance for locally led adaptation action, engaging affected communities, civil society and indigenous peoples in delivering to meet the needs of last mile beneficiaries." The GCF secretariat is currently at early stages of developing the details of LLA funding modalities. Both the AF and GCF secretariats agreed to coordinate work on LLA with view to enhancing coherence, synergies and complementarities.

12. The LDCF/SCCF Programming Strategy 2022-2026¹ contains elements on addressing vulnerability through locally led action with full engagement of communities, civil society, youth, children, disabled, displaced, Indigenous Peoples and others, as well as governments at the local, regional, and national levels. The LDCF is considering incentivizing locally led action to be channeled through the government as a global program with global/regional project resources, above the country resource gap. This will be coordinated with efforts outlined in the Renewed Country Support Program for GEF-8 supported by the GEF Trust Fund.

13. The GEF-8 strategy is also enhancing the implementation arrangement of the Small Grants Programme (SGP 2.0). The GEF SGP Corporate Programme has been a unique element of the GEF's work since its establishment in 1992 and remains one of the GEF's flagship initiatives that enjoys broad support from its stakeholders, and in particular civil society, and community-based organizations.

14. SGP finances community-led initiatives to address global environmental issues through a decentralized, country-level delivery mechanism managed by a multi-stakeholder National Steering Committee and supported by a SGP Country Program Team in each of the participating countries. It funds grants up to US\$ 50,000, though in practice, the average grant has been around US\$ 25,000. In addition, SGP provides a maximum of US\$ 150,000 for strategic projects to allow for scaling up and replication of successful approaches, covering a large number of communities within critical landscapes or seascapes. Until recently, the programme was implemented by the UNDP, on behalf of the GEF partnership. Two additional implementing entities were recently

¹ https://www.thegef.org/sites/default/files/documents/2022-06/EN_GEF.LDCF_SCCF_32.04.Rev_01_GEF%20Programming_Strategy_Adaptation_Climate_Change_LDCF_SCCF_GEF8_July_2022_June%202026_Operational_Improvements.pdf

selected to implement SGP 2.0: Conservation international and the United Nations Food and Agriculture Organization (FAO).

15. The Local Climate Adaptive Living Facility (LoCAL) is designed and managed by UN Capital Development Fund. LoCAL combines performance-based climate resilience grants to programme and verify climate change expenditures at the local level while offering strong incentives for improvements in enhanced resilience with technical and capacity-building support. The performance-based grants provide funds to cover the additional costs of making local investments climate resilient; these are channeled through existing government fiscal transfer systems. The grants include minimum conditions, performance measures and a menu of eligible investments.

16. Some multilateral development banks are also developing locally led adaptation or climate programmes. The World Bank is establishing a knowledge and learning platform on Locally Led Climate Action (LLCA) to scale up adaptation and resilience efforts at the local level, while supporting vulnerable communities to transition toward low carbon and resilient development. The Asian Development Bank is developing the Community Resilience Partnership Program (CRPP), which is intended to help countries and communities in Asia and the Pacific region scale up investments in climate adaptation, especially investments at the community level, that explicitly target the nexus among climate change, poverty, and gender.

17. Many of these initiatives support the implementation of the LLA principles. However, the experiences in operationalizing the principles remain limited in both time and scale with few lessons learned to date. Further investments in expanding the evidence base in a variety of contexts as well as in knowledge and experience sharing are needed to support the rapid scaling of effective LLA approaches.

LLA experiences in the Adaptation Fund's Enhanced Direct Access funding window

18. The Adaptation Fund was the first climate fund to fully operationalize direct access to climate finance through which National Implementing Entities (NIEs) are able to directly access financing and manage all aspects of climate adaptation and resilience projects, from design through implementation to monitoring and evaluation. The Fund also pioneered enhanced direct access (EDA) when the Adaptation Fund Board approved at its twenty-fourth meeting two regular sized projects for Costa Rica and South Africa (through decisions B.24/8 and B. 24/15, respectively). These two projects were the first to put into practice an implementation model in which decision making on the programming of climate finance would be devolved further downstream at the local level.

19. Having recognized that there was a high level of interest among the Fund's stakeholders on EDA, a specific funding window on EDA was included in the first MTS implementation plan to complement the Fund's existing funding window for single-country projects. The Adaptation Fund Board approved a specific funding window for EDA in 2020 (Decision B.35.b/10), with the dedicated EDA grants to be implemented as a pilot during the implementation period of the Fund's MTS.

20. The EDA window aims to empower developing country recipients of international climate finance beyond what can be achieved through the Direct Access modality alone, by devolving decision-making in the programming of internationally allocated funds to the national and sub-national levels, with the screening, review and selection of projects being strongly encouraged at

the national and sub-national level with enhanced stakeholder engagement in the decision making on proposed resilience initiatives at those levels. This aim corresponds to the Principle 1 of LLA that is devolving decision making to the lowest appropriate level and hence 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.

21. The funding available through the EDA window is up to US\$ 5 million per country. The funding provided under the window does not count against the cap of funding for single-country projects for each country that was established by the Board at its thirteenth meeting in 2013 and revised at its thirty-sixth meeting in 2021 and is currently set at US\$ 20 million per country.

22. The proposal for the EDA window, contained in document AFB/PPRC.26.b/18, recognized that EDA could offer opportunities and help build the capacity of local organizations to programme adaptation finance and design and implement their own projects (locally led action). It also recognized that EDA poses several challenges for its successful implementation including:

- Requirement for more substantial financial management capacities across the different levels of project execution;
- Challenges in transferring requisite project design, monitoring and development capacities to local stakeholders and communities which would allow them to increase their awareness of climate risks and impacts, link those with their development issues, and be able to design and implement the adaptation measures that would help them address those risks, as well as monitor their effectiveness;
- Multiple levels in channeling funding can result in complex implementation arrangements which require strong project design and management skills as well as streamlined decision-making across the levels;

23. Given the recent establishment of the EDA window, to date only eight (8) proposals have been submitted through the window and only two (2) proposals were approved by the Board (See Table 1 below).

Table 1. List of proposals submitted under the EDA funding window.

Project Title	Current Project Status	Review Cycle	Country	NIE
Rwanda Subnational Adaptation Fund EDA	Proposal Approved	AFB39	Rwanda	MOE, Rwanda
Building Community Resilience via Transformative Adaptation (Enhanced Direct Access)	Proposal Approved	AFB40	Belize	PACT
Fund for Innovative Adaptation in Vulnerable Ecosystems in Northern of Peru (Ancash, Cajamarca La Libertad and San Martin)	Proposal Submitted	AFB42	Peru	PROFONANPE

Building Rural-Urban Climate Change Adaptation Nexus for Sustained Local Economies Development in Tanzania	Concept Not Endorsed	AFB38	Tanzania	NEMC
Fund for Ecosystem-based Adaptation through Agro-ecological Initiatives in India	Concept Not Endorsed	AFB40	India	NABARD
Direct Access Program for financing climate change adaptation projects to increase the adaptive capacity and climate resilience of indigenous and Afro-descendant communities in the marine coastal region of the municipalities of Juan Francisco Bulnes and Brus Laguna in Honduras	Proposal Submitted	AFB41	Honduras	CASM
Enhanced Direct Access Project for Armenia	Concept Submitted	AFB41	Armenia	EPIU
Project to Strengthen the Resilience of Local Communities in the Bafing Region made Vulnerable due to Farmer-Breeder Conflict Exacerbated by the Effects of Climate Change	Concept Submitted	AFB41	Cote d'Ivoire	FIRCA

24. During the readiness workshop dedicated to EDA, organized by the secretariat in 2023, NIEs highlighted some challenges and lessons learned in their experiences with enhanced direct access and devolving the decision making at the local level, in the design of the project².

25. Some IEs highlighted the need for dedicated capacity building and technical assistance with the communities and local actors during the project development stage to ensure that the project is locally led. According to them, this would in particular require increased PFG grants for EDA as more work is needed to enable the communities to understand climate impacts and be able to better define the project and adaptation measures needed at local level. The need for PFG grants for developing concept notes should be considered for EDA as the Fund further enhances the integration of LLA principles.

26. Some IEs also highlighted the particular challenges to present a clear adaptation rationale for EDA projects due largely to two main factors. The first being the lack of awareness and understanding by the communities and local actors of climate change risks and impacts as well as the lack of reliable data at local level that enable establishing a clear adaptation rationale. There is an important need to invest undertaking climate risk assessments, adaptation planning and empowering the communities in understanding and managing the climate risks, which may require significant resources and may not always qualify as “concrete adaptation measure.” The second factor relates to the higher needs by the communities to invest in addressing underlying causes of vulnerabilities, such as institutional capacities and other development issues that may appear “business as usual”.

Insights from Adaptation Fund Climate Innovation Accelerator

27. There are a number of useful insights and lessons from the experience with the Adaptation Fund Climate Innovation Accelerator (AFCIA). AFCIA was approved at the thirty-fourth meeting of the Board, launched at COP25 and opened in November 2020 to a broad range of applicants, which did not need to be accredited with the Adaptation Fund. Since then, close to 50 grants have been awarded, via two multilateral implementing entities accredited with the Adaptation Fund functioning as aggregators; the United Nations Development Programme (UNDP) and the United

² https://www.adaptation-fund.org/wp-content/uploads/2023/06/EDA-workshop-report_Final.pdf

Nations Environment Programme (UNEP), the latter programme executed by the Climate Technology Centre and Network (CTCN). More recently, at its fortieth meeting, the Board approved two additional global programs, to be implemented by the United Nations Industrial Development Organization (UNIDO) and the United Nations World Food Programme (WFP). The maximum grant funding under AFCIA is US\$ 250,000.

28. As a global programme, AFCIA operational policies and guidelines had to provide new, specific guidance that would be suitable for the unique type of programme while keeping in line with the Fund's established policies and processes. Specifically, regarding country-drivenness, it was important to ensure that endorsements by recipient countries would be secured. However, for this type of a global programme, where the countries and grantees are not known at project design stage, it would have been impractical to do so upfront. As an innovative solution to this issue, the operational policy of AFCIA requires that proof of country-drivenness should be secured during implementation (normally, this would be after grantees have been identified, but before the grant award, on a "no-objection" basis.)

29. Another innovation of the AFCIA concerns the finance architecture and scaling up. Specifically, it is foreseen that successful small grants – either via AFCIA or the small innovation grants – could be scaled up by additional funding. Such funding includes large grants for innovation, which are available to all NIEs, RIEs, and MIEs of the Fund. One of the lessons of the innovation programme is the importance of designing the windows of different scales in such a way that there are real pathways for scaling up the successful small projects.

30. A key lesson from AFCIA is that the technical assistance that was provided along with the small grants was essential to the ability to successfully lead to the realization of the small grants. Technical assistance included proposal preparation, business plans/implementation plans preparations, trainings and other tools and support.

Consultations undertaken by secretariat

31. In preparing for this paper, the secretariat organized, on the margins of COP28, a series of events aiming to engage various adaptation stakeholders and seek their views on best ways to scaling LLA in the Fund, and in particular on the modalities to making funding adaptation more easily accessible to local communities and ensuring that local actors are empowered to lead adaptation planning and implementation.

32. The secretariat organized two focus group discussions³ in a format that enabled a direct engagement with stakeholders and representatives of the following groups: Indigenous People and Local Communities, Women Group, Youth Groups, Local Governments, Government representatives of UNFCCC Parties as well as Implementing Entities. The discussions covered key funding aspects, including specific needs and challenges of local actors to access financing, options for local organisations that are not accredited with the Fund to access finance, size of grants, readiness support, suitable LLA indicators and capacity for monitoring and evaluation.

33. In addition, the Secretariat hosted a side event on LLA consisting of a panel discussion and interactive consultation with audience. The graphic visualization of the panel discussion is presented in Annex 1. The outcomes of the focused group discussions and the side event

³ The focus group discussions were held on December 6th and December 9th at the Joint Climate Funds Pavilion.

discussion were complemented by an online survey on key parameters of the LLA funding modalities.

34. The main ideas and comments from the consultations and the survey are presented below. More detailed results from the survey are presented in Annex 2. The consultation confirmed that there is a high interest from all stakeholders in increasing funding to LLA and in particular in developing modalities that simplify direct access of vulnerable and local communities to international financing. The consultations also highlighted particular issues that LLA funding should address. These include:

- Simplifying formats and requirements to apply for funding, taking into account that many local actors would be particularly challenged in writing or communicating in English, and may not have the capacity and experience to understand complex operational procedures. The consideration for innovative ways to receive proposal submissions as well as reports by the communities was strongly encouraged.
- Considering the diversity of local actors and their needs, particularly when deciding on the size of grants which need to be flexible and commensurate with the needs. There is a particular need for small grants (below US\$ 50,000) that can directly reach communities, and to consider the need for a rapid granting mechanism to enable communities to respond to emergencies.
- It is particularly important that the LLA funding enables strengthening knowledge and awareness, organizational capacity, analyze vulnerability, identify the risks – including environmental and social risks. In particular, several participants suggested that the AF should consider a component or funding for supporting local actors during implementation of project as continuous engagement is important to the success of LLA.
- The Fund should also consider internal capacity of its staff, Board members and reviewers regarding requirements for LLA and keep abreast of its evolving landscape. This is particularly important to enhance flexible programming that integrated learning and enabled adaptive management to address the inherent uncertainty in adaptation (Principle 6). It is also important to design monitoring and learning systems to that effect. Some participants highlighted that efforts should be made to design qualitative indicators for measuring success of LLA programming as quantitative indicators are often restricted and may not offer a good evaluation of progress.
- Most participants agreed that the articulation of a clear “adaptation rationale” is very challenging for local actors, in particular community-based organizations due to lack of understanding of climate risks by the local actors. Participants encouraged designing a process that allows for the climate rationale to be refined during the project implementation.
- The Fund should consider more programmatic rather than project-based approaches for LLA. This would also enable the implementation of Principle 3 (Providing patient and predictable funding), in particular through investing in capacity and institutions at sub-national level that can access and channel additional funding in the future.
- Some participants also highlighted that the Principle 7 on transparency and accountability is important and that the Fund should consider how it can be accountable to the local

actors. Suggestions included addition of representatives of local actors to the Adaptation Fund Board, or to a steering committee on LLA.

- Some participants highlighted the important role of particular groups, including the role that youth can play as intergenerational brokers and their ability to provide support for community. Women, and in particular Indigenous women play a critical role as holders and transmitters of indigenous and traditional knowledge to the children and youth.
- Indigenous People representatives highlighted that the Fund should consider a special component of LLA that is dedicated to Indigenous People with special considerations to their rights and territories.

Additional delivery modalities for expanding support to LLA in the Adaptation Fund

35. The implementation plan of the 2023-2027 MTS, adopted by the Board through Decision B.40/72, outlines 3 modalities for expanding support to LLA (as outlined in figure 1 below):

- enhancing the existing Enhanced Direct Access window,
- establishing a new Global MIE Aggregator programme for channeling grants for LLA to non-accredited entities,
- opening the option for EDA-type national programmes for MIEs and RIEs.

36. Drawing on the lessons learnt from the EDA portfolio, other experiences and analyses on LLA as well as the results of the LLA consultations, it is expected that all three modalities operationalize the LLA principles in a consistent manner and provide complementary funding modalities to expand the Fund's outreach to a variety of actors. The three modalities together form a coherent and overarching programme on LLA within the Fund. It is also expected that knowledge management and capacity development efforts for LLA should enable knowledge and lesson sharing between all three modalities.

Replacing the existing Enhanced Direct Access window with Single Country LLA Window:

37. The secretariat proposes that the current EDA window that is accessible to NIEs be expanded to enable developing countries that do not have an accredited NIE to access the window for single country projects that aim at promoting locally led adaptation through either RIEs or MIEs accredited with the Fund. This single-country LLA window should also aim to encourage national programmatic approaches for LLA, in particular through building capacity of national or subnational delivery mechanisms that could access additional funding and enable collaboration with other sectors and initiatives and complementarity of adaptation finance with different sources of funding delivering at the local level (e.g. humanitarian aid). The size of the projects and programmes in this window should also enable the design of projects targeting subnational or local government needs.

38. The secretariat proposes that the current size of EDA grants is maintained in the single-country LLA window, and that countries would be able to access up to US\$ 5 million per project⁴. Projects under this funding window would not count against the cap of funding for single-country

⁴ Currently, countries can access EDA funding for up to US\$ 5 million per countries.

projects for each country that was established by the Board and is currently set at US\$ 20 million per country.

39. The secretariat recommends that the project formulation grants (PFG) for this window should be set for a maximum of US\$ 150,000 (as proposed for all single country projects in document AFB/PPRC.33/40). Given the need for up-front support to enable effective involvement of local actors in the design of the project highlighted by the IEs from the experience with the EDA window, as well as by other participants in the consultations, the secretariat further recommends that an additional PFG amount can be provided to support activities that enable devolving decision making to the lowest appropriate level and support local actors to make informed decisions on how adaptation actions are defined, prioritized, designed and implemented. This additional amount can be up to a maximum of US\$ 100,000 and will be evaluated on a case-by-case basis as per the provided justifications.

40. In addition, and in order to enable the local actors to design the project from the start, single-country LLA proposals could be submitted following a three-step submission process, with the possibility to submit a pre-concept. The maximum amount of PFG that can be requested at the pre-concept stage is twenty percent (20%) of the full maximum total PFG (as set in a-e above) applicable to the project. Following the endorsement of the pre-concept, when the proponent submits a concept note, together with an accompanying PFG request, the maximum level of the PFG would be equal to the limit for that type of project, minus the amount of PFG granted at the pre-concept stage, if any. The full maximum amount of PFG would be available for proposals that bypassed the optional pre-concept stage.

41. The secretariat also proposes that provision of an annual funding allocation is set by the Board for this window based on a projected annual funding estimated in the implementation plan of the MTS approved by the Board. This envelope would be inclusive of PFGs. The Board could review the funding envelope on an annual basis, following reporting of single-country LLA project/programme submission flows by the secretariat. If the total amount of requested funding by IEs through the single country LLA window goes beyond the provisioned funding envelope during a fiscal year, the proposals submitted by those entities and recommended for approval would be placed on a waiting list.

42. For the funding envelope to be applied effectively, LLA proposals submitted through this funding window for consideration by the Board would be reviewed as per the standard project/programme review and approval procedures under the Fund, currently piloting the rolling-basis submission. The secretariat proposes to adjust the proposal template for the window to better operationalize the LLA principles. The proposed adjustments to the template are provided in Annex 3. The proposed adjustments to the review sheet for EDA projects are provided in Annex 4.

Establishing an LLA-type regional window:

43. In addition to the single country LLA window, the secretariat recommends that a similar modality is established for regional projects that promote LLA. This window is proposed in addition to the modalities initially suggested in the implementation plan of the Medium-Term Strategy⁵ as

⁵ As stated in the document of the implementation plan adopted by the Board, the MTS is meant to be a document that does not require revision during its lifetime of five years, the implementation plan is meant to be adaptive and flexible.

it would strengthen the delivery of the LLA outcomes as well as enhance the coherence of the Fund's LLA portfolio. These regional projects should involve three (3) or more countries and aim to leverage synergies based on regional similarities, address transboundary issues faced by local actors and/or strengthen regional delivery mechanisms for LLA, particularly those that may be established by or for particularly vulnerable groups (e.g. women, Indigenous People, etc.)

44. The secretariat proposes that it develops the details of this funding window, including the size of the grant, size of PFG and specific criteria for review of regional LLA projects for consideration by the Board at its forty-fourth meeting.

Establishing a new Global Aggregator programme for channelling grants for LLA to non-accredited entities:

45. The global aggregator for LLA was identified in the Implementation Plan of the MTS as a key modality to expand the reach of the Fund and enable entities that are not accredited with the Fund, especially grass-root organizations that are most impacted by climate change, to access adaptation finance through small or micro-grants. Such a vehicle for LLA grants through a global aggregator would also be an opportunity, among others, for the Board to identify, sectors, themes or target groups with high impact potential or relevance for adaptation and/or that are currently being underrepresented in adaptation, such as related to health, biodiversity and nature-based solutions, fragile and conflict-affected settings, Indigenous Peoples etc.

46. The "non-accredited entities" could include civil society organizations, community-based organizations, Indigenous People organizations, women organizations, local governments, non-profit groups, and small and medium-sized enterprises (including start-ups). Such entities should be local, subnational or national in character, based in the countries that are eligible to receive funding from the Fund, and operating mostly at local level.

47. The role of the Aggregator mechanism will be to cast a wide net over the eligible countries in order to competitively source opportunities for promoting LLA, and the Fund's broader mission to support concrete adaptation action. This includes awarding grants that would result in locally led concrete adaptation action as well as building capacity development initiatives and managing knowledge that emerges from the evidence produced by the Fund's small grants effort. Tentatively, and subject to interest and demand, two rounds of Requests for Proposals (RFP) are planned in the period between 2024 and 2027.

48. While the Implementation Plan referred to an "MIE aggregator", the AFCIA experience as well as the consultations undertaken by the secretariat suggest that RIEs can also play a role in enhancing support to LLA. The secretariat suggests that, similar to the AFCIA, the secretariat issues a Call for Expressions of Interest to MIEs and RIEs, requesting submissions of expressions of interest to the Adaptation Fund Board secretariat by a specified deadline.

49. The Call for Expressions of Interest (EOI) should provide a background to the initiative, as well as objectives, provisional criteria, and guidance on the capacity development and knowledge management aspects of the initiative.

50. The individual proposals from IEs may have a regional and/or thematic focus, however the LLA Programme as a whole would continue to have a global reach, so as to be able to provide access to all developing countries eligible for support under the Adaptation Fund. Proposals by

MIEs should be global in scope and may be focused on one or more thematic areas. Proposals by RIEs should provide access to all countries of the region in question.

51. The EOI should include a description of:

- (a) Alignment with the vision and Principles of LLA;
- (b) Supporting the implementation of the Global Goal on Adaptation;
- (c) Proposed implementation modality or modalities;
- (d) Granting mechanism and proposed review process or processes; with specificity of innovative options for facilitating submission of proposals by local actors;
- (e) Arrangements for project management, risk management, compliance with the Environmental and Social Policy and Gender Policy;
- (f) Administration cost or management fee or provisional budget, including for coordination, support for NIEs, and other;
- (g) Budget and breakdown of costs, arrangements of monitoring and evaluation, disbursement and milestone schedule, etc.

52. In addition, interested IEs should include a component for coordinating learning, knowledge management and capacity development for the LLA programme. This strategic component should respond to the priorities of the “Learning-and-sharing” strategic pillar of the Fund’s MTS. The IE should outline how it would build and document the evidence-base for LLA and share knowledge and lessons learned from the LLA portfolio, including local and indigenous knowledge, on effective and innovative LLA approaches. The IE should also describe options for developing capacities of and providing technical assistance to local actors to effectively advance LLA. Options for supporting capacity to develop national or regional programming for LLA are encouraged.

53. Implementing Agencies responding to the EOI should provide a description to demonstrate their capacities and experience in the following areas:

- (a) Technical expertise and facility to manage community-based grant-making: The IE should demonstrate leadership and experience supporting CSOs, such as representing youth, women and IPCLs, through community-based grantmaking and or capacity-building initiatives and grant-making to civil society organizations and community groups.
- (b) Capability of leveraging own resources and ability to operate in multiple countries: The IE is encouraged to mobilize co-financing and foster other active (non-financial) engagement from public and private sources.
- (c) Recognition for knowledge products: The IE should demonstrate an established track record in generating an evidence-base and in creating knowledge products, in particular through innovative models that help engage local stakeholders and countries make informed decisions and implement adaptation activities.

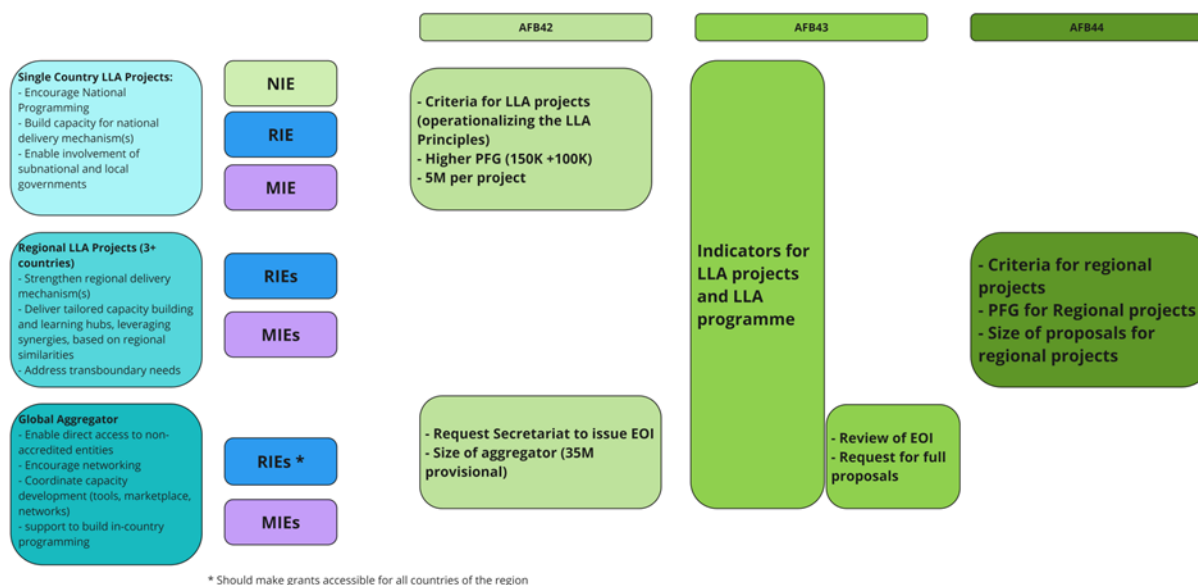


Figure1: Schematic representation of the 3 modalities to enhance delivery of LLA and timeline for the development of some specific elements.

Development for indicators for EDA and LLA projects:

54. Development of indicators on LLA remains in its infancy. Currently the secretariat is interacting with the International Institute on Environment and Development (IIED) that is undertaking a review of indicators in some LLA initiatives and programmes as well as an assessment of interventions at all levels of the delivery chain with a view of identifying the strength of alignment of a particular project or programme to the LLA Principles and developing indicators for understanding if (and how) adaptation projects and programmes align with these principles. The secretariat is also connecting with other research groups and networks developing initiatives to define specific LLA metrics and indicators and will be collaborating with the Africa Research and Impact Network on their Locally led Adaptation Metrics in Africa (LAMA) initiative.

55. The secretariat suggests that it undertakes specific research on LLA indicators and develop options for indicators to track progress toward inclusive and equitable locally led adaptation both at the project level and at the programme level. This may include identifying indicators to monitor potential risks of poor execution of LLA, such as extractive knowledge sharing, disempowerment, and reinforcement of structural inequalities.

Additional reflections to inform the future work of the Fund on LLA:

56. Locally led adaptation is a growing field where the Fund and its secretariat need to invest in remaining up-to-date and integrating new lessons learned coming from the growing number of initiatives. Several countries, development agencies, contributors and organisations are also reflecting beyond business-as-usual, and in particular looking at changing existing funding modalities to enhance delivery of locally led adaptation. Some are seeking to significantly challenge the status quo, rather than implementing adjustments at the margins. As the Fund

increases and enhances the scope of its experience, it may also reflect on the need to developing additional different approaches to funding LLA. Particular areas for reflection include:

- Risk management and locally led development: Understanding which risks to take and which to avoid for sustainable impact, and enabling flexibility to adapt risk management to context, empowering and building capacities of local actors, tailoring and sharing due diligence and safeguard assessments, and risk mitigation. Focus principally on financial and management risks rather than adaptation and programmatic opportunities often inhibits learning lessons from programmatic failure. Moreover, it may increase risk of ineffectiveness and unsustainability of projects that are not grounded in local priorities and ownership.
- Enhancing transparency and accountability: In particular through placing local actors perspectives at the forefront of accountability efforts. Some new approaches recognize a need for challenging the existing accountability dynamics where the recipients are accountable 'upwards' to intermediaries and providers. The application of the LLA principles would also imply promoting 'downward' accountability, where contributors and intermediaries are also accountable for their commitments to recipients.
- Supporting LLA in constrained environments: Implementing LLA may require increased awareness and understanding of particular challenges and risks in some specific cases such as fragile countries, countries in conflict, or in instances where there's limited trust between local communities, agencies and authorities; or where there's a high risk of repression and persecution of CSOs or Indigenous People; and limited access to information. In such cases, certain requirements such as LOEs may significantly hamper the access of vulnerable communities to adaptation finance.
- Enhancing a fit-for purpose support from implementing agencies: The role and profiles of implementing entities may need to be revisited to ensure a fit-for-purpose delivery of LLA. Current experiences highlight specific characteristics of implementing partners that are essential for effectively delivering LLA, chief among these is presence at local level which enables an understanding of the local context and enhances delivery of support local actors, the ability to provide technical assistance. Another important characteristic to be considered for LLA delivery in particular is the speed and efficiency of sub-granting mechanisms of the implementing entity. An evaluation of these characteristics may be useful to undertake for the implementing entity accredited with the Fund and consideration of additional type of entities, in particular multilateral ones, or additional partner modalities, may be required to enable expanding the Fund's work on LLA.

Proposed Recommendation

57. Having considered the additional delivery modalities for expanding support to locally led adaptation presented in document AFB/PPRC.33/39, the Project and Programme Review Committee (PPRC) may wish to recommend to the Board to decide:

Single-Country LLA project/programme:

- a) To merge the window for enhanced direct access with into an expanded and enhanced window for single-country locally led adaptation (LLA) projects/programmes as contained in paras 37-42 of document AFB/PPRC.33/39;

- b) That the window for single-country LLA projects/programmes will be available for access by eligible countries through their National Implementing Entities (NIEs), Regional Implementing Entities (RIEs) or Multilateral Implementing Entities (MIEs), in the form of a grant up to a maximum of US\$ 5 million per project;
- c) That the window for single-country LLA programmes will continue to be financed outside the country cap established by the Board for regular concrete projects/programmes;
- d) That single-country LLA proposals can be submitted through the three-step project approval process and are eligible for a project formulation grant for a maximum of US\$ 150,000 as per the approved criteria by the Board for those grants;
- e) That an additional PFG amount (inclusive of the management fee) can be provided on a case-by-case basis for LLA projects up to a maximum of US\$ 100,000, and that such amount should be dedicated to support activities that enable decision making by local actors over how adaptation actions are defined, prioritized, designed and implemented;
- f) That, for a PFG at the pre-concept stage, up to twenty percent of the maximum amount of the PFG set in d) and e) above could be granted;
- g) To approve the revised proposal template and project review sheet contained respectively in Annex 3 and Annex 4 of document AFB/PPRC.33/39;
- h) To request the Secretariat to develop instructions for preparing requests for proposals and additional guideline materials for projects/programmes under this window;

Global LLA Aggregator programme:

- i) To establish a new Global LLA Aggregator programme for channelling grants for LLA to non-accredited entities, as contained in paras 45-53 of document AFB/PPRC.33/39;
- j) To request the secretariat to issue a request for expressions of interest from MIEs and RIEs to serve as aggregator(s) for small grants for LLA under the Global LLA Aggregator programme, to review the proposals received, and to present the results to the PPRC at its thirty-fourth meeting;
- k) To request the secretariat to include in its work programme for fiscal year 2025 a provision for an amount of US\$ 35 million for the Global Aggregator programme for channeling grants for LLA to non-accredited entities;
- l) To request the secretariat to develop guidance to the MIE and RIE aggregators for preparing proposals for small grant programmes for LLA under the Global LLA Aggregator programme;

Regional LLA projects/programmes

- m) To request the secretariat to present options for a new window for regional projects for enhanced direct access, including options for the size of the project/programme grant, project/programme preparation grants and review criteria, for consideration by the Board at its forty-fourth meeting;

Indicators for LLA projects and programmes

- n) To request the secretariat to develop indicators for LLA projects and programme and present them for consideration by the Board at its forty-third meeting.

ANNEX 1 Visual summary of the side event hosted by the Adaptation Fund on LLA at COP28

HAVE YOUR SAY!

11 DECEMBER 2023

Shaping a New Funding Modality for Locally-led Adaptation

OPENING

H.E. RAZAN AL MUBARAK
HIGH LEVEL CHAMPION, COP28

CLIMATE IMPACTS 3.3 BILLION PEOPLE

INCLUSION RESILIENCE JUSTICE EQUITY

WE'RE HERE TO LISTEN TO YOU

MR. MIKKO OLLIKAINEN
ADAPTATION FUND

MOMENTUM IS GROWING

ADAPTATION MUST BE LOCAL

ADAPTATION ACCELERATOR PROGRAM

MS. MELANIE ROBINSON
WORLD RESOURCES INSTITUTE

LONG-TERM FLEXIBLE

NEED FOR SIMPLIFIED ACCESS

RISK THRESHOLD

PANEL

LYDIA DAI
YOUNGO

ACCOUNTABILITY MECHANISM AS AN ENABLER RATHER THAN AN OBSTACLE

ONLY 38% OF ADAPTATION PLANS INCLUDE YOUTH

EMANI KUMAR
ICLEI

LOCAL STOCKTAKE

BRING TECHNOLOGY TO LOCAL COMMUNITIES

SOPHIE DE CONINCK
LOCAL

DESIGNED BASED ON COUNTRY CONTEXTS

CROSS-SECTORAL INVESTMENTS

HOLD INSTITUTIONS ACCOUNTABLE SO THEY CAN WORK AS A BRIDGE

HINDOU OUMAROU IBRAHIM
IPFCC CO-CHAIR

WE ARE NOT THE VICTIMS, WE ARE THE SOLUTIONS

ALL ECOSYSTEMS MUST BE FUNDED BECAUSE IT'S ALL INTERCONNECTED

BANKS NEED TO ADJUST TO MY GRANDMOTHER

EBONY HOLLAND
IIED

WHO IS THE EFFECTIVENESS FOR?

CREATING ACCOUNTABILITY MECHANISMS

SCORECARDS

STORYTELLING + RESEARCH IS IMPORTANT

INCLUDE VOICES OF YOUTH & INDIGENOUS PEOPLE

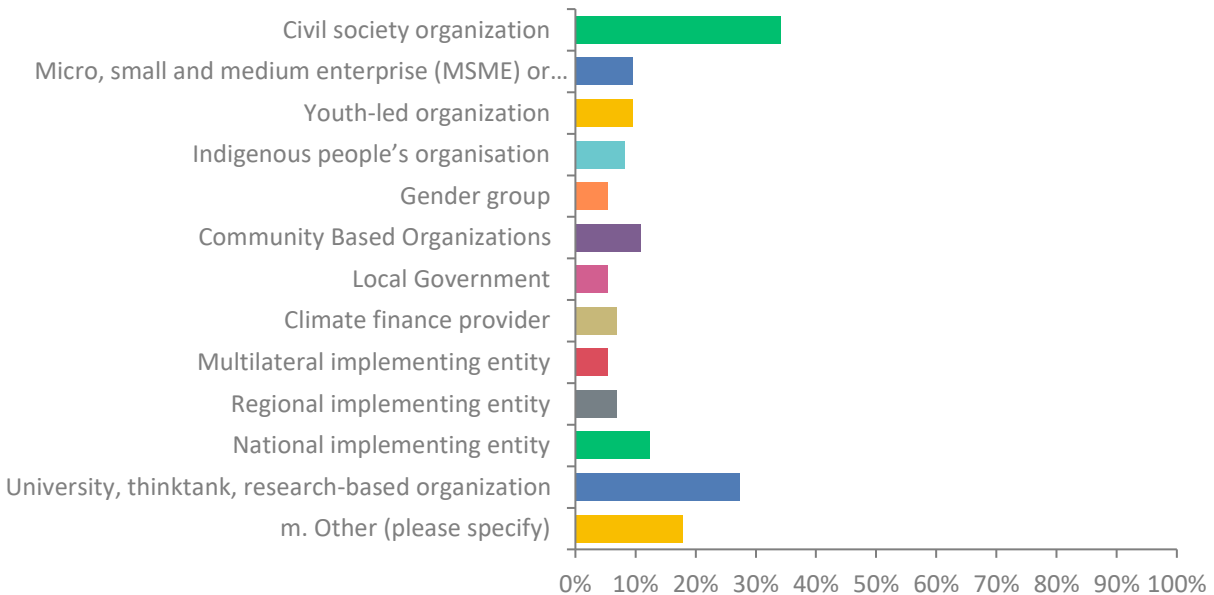
SUBNATIONAL GOVERNMENTS CAN PROVIDE FUNDING GUARANTEES

ADAPTATION FUND

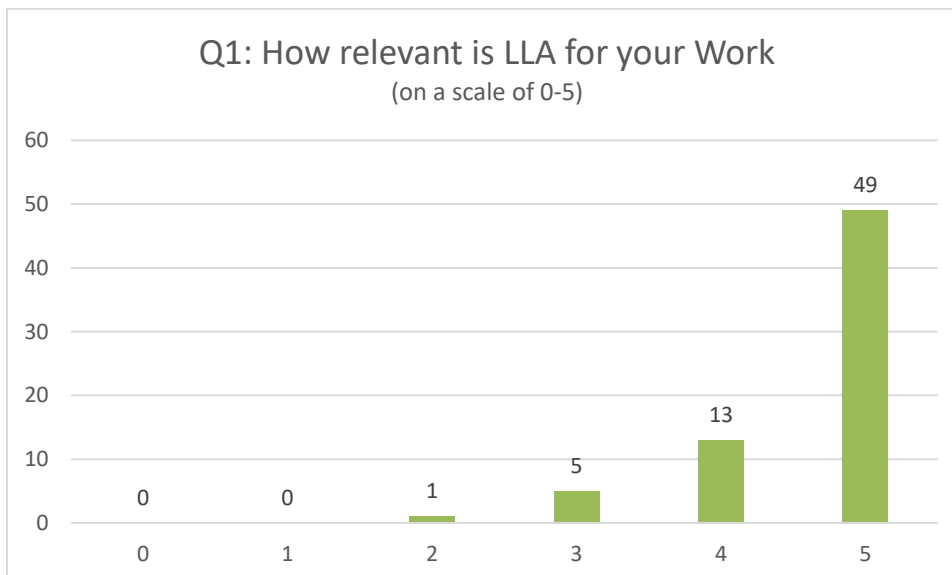
Visual story by TOFU CREATIVES.COM

Annex 2: Summary of responses to the Survey on LLA

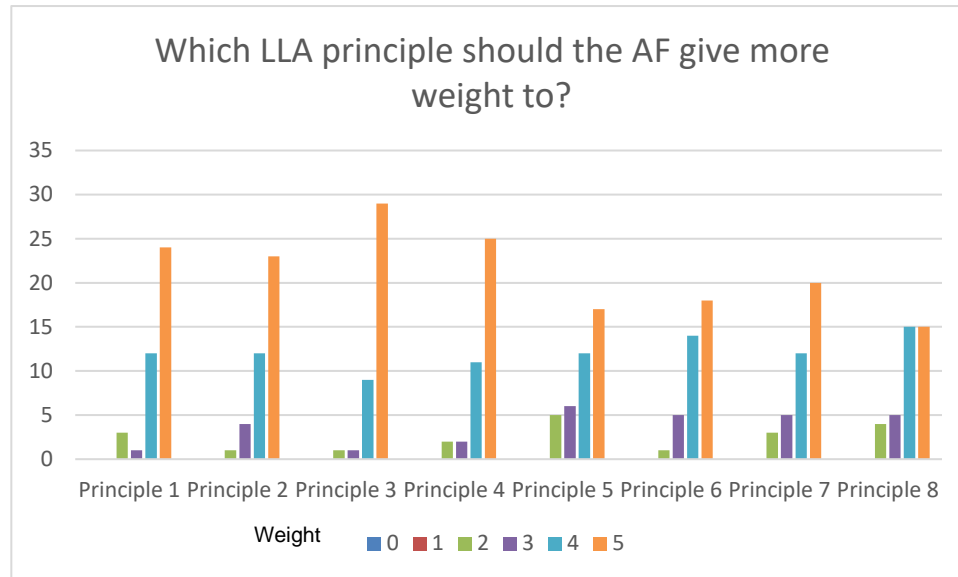
The secretariat shared the survey during COP28, to the participants of the focus-group discussions as well as the participants to the side event. In addition, the survey was shared to the accredited entities of the Fund. 71 responses were received from a good spectrum of variety of organizations, with most respondents from Civil Society Organisations, and Universities/Think-Tanks.



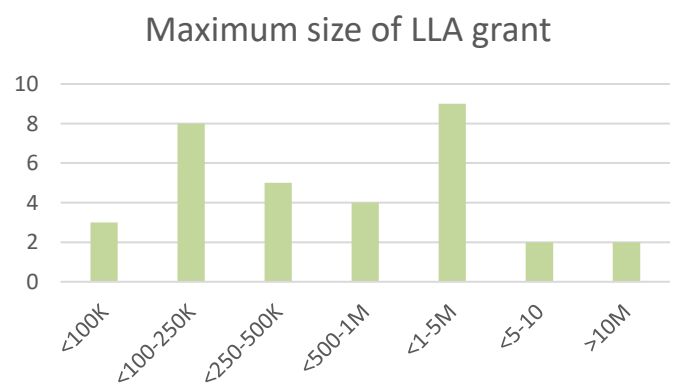
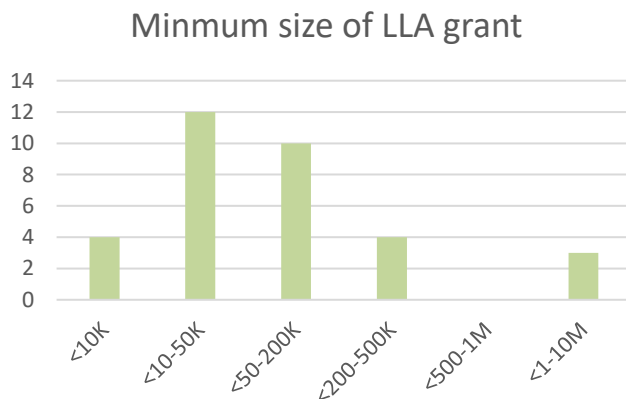
Responses to **question 1** show that LLA is very relevant to the work of the majority of respondent. Indeed over 70% of the respondents selected the highest relevance score.



Question 2 attempted to enquire if the respondent gave more weight to some LLA principles over others. No LLA principle scored very low, which indicates that the respondents believe all of them are relevant. A slightly higher number of respondents gave more weight to Principle 3 (*Providing patient and predictable funding that can be accessed more easily*), followed by Principle 4 (*Investing in local capabilities to leave an institutional legacy*) and Principle 1 (*Devolving decision making to the lowest appropriate level*).

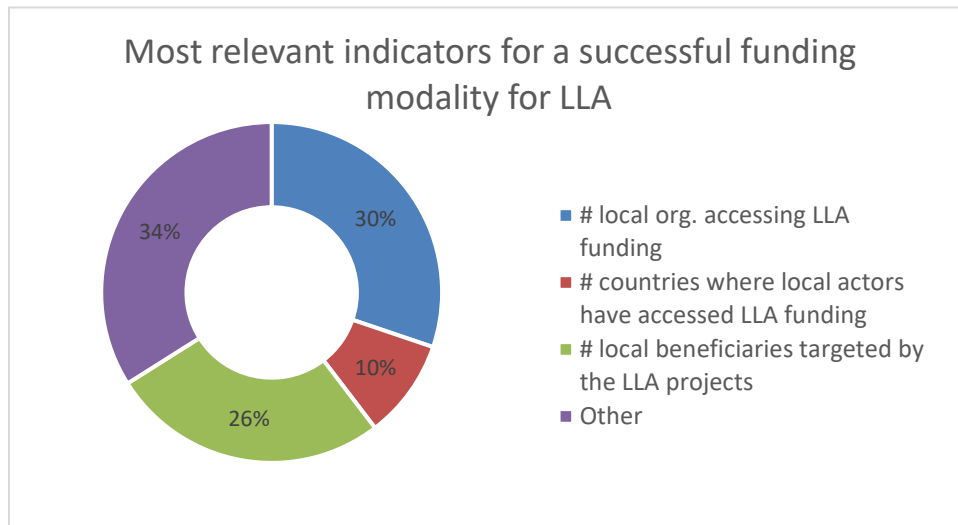


Responding to **question 3**, the participants to the survey provided indications on the minimum and maximum size of grants needed for LLA. The majority of respondents indicated a minimum size of grants below US\$ 200,000, and a maximum size of grants below US\$ 500,000.

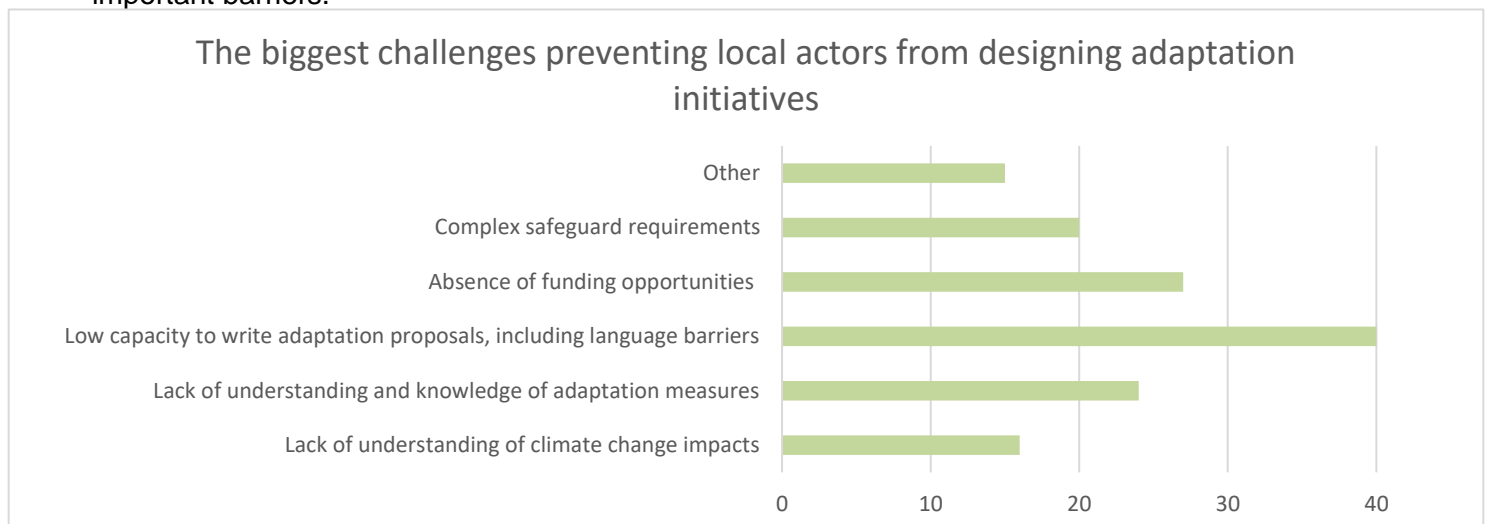


Responding to **question 4** with suggestions for the most relevant indicators, participants showed a strong preference for indicators related to number of local organisations accessing LLA. The Majority of participants suggested alternative indicators, these include: % of funds spent at local level; number of communities which increased their resilience and adaptation to changing climate; n° of marginalized people were actively involved in the design, implementation and M&E process; systems change indicators such as shifts in power and agency, capacity development and learning. Several participants highlighted the need to focus on developing indicators for outcomes and effectiveness. Some participants also highlighted the

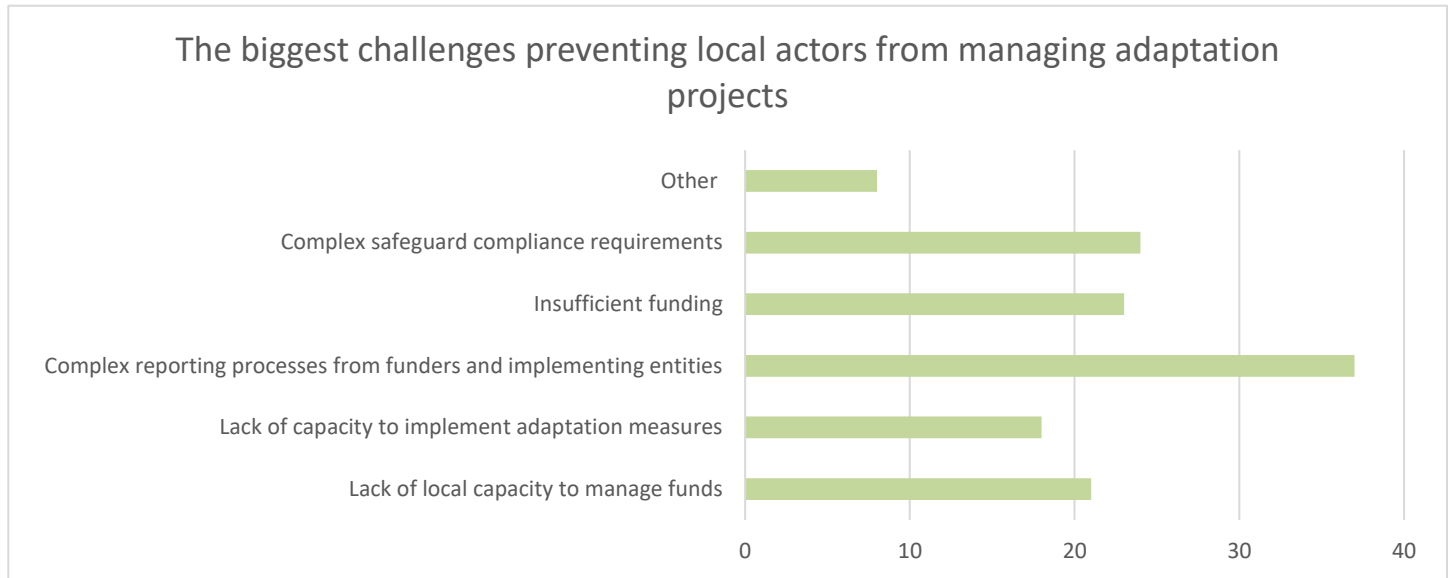
need to include qualitative and narrative-based indicators, which are very important in the LLA context.



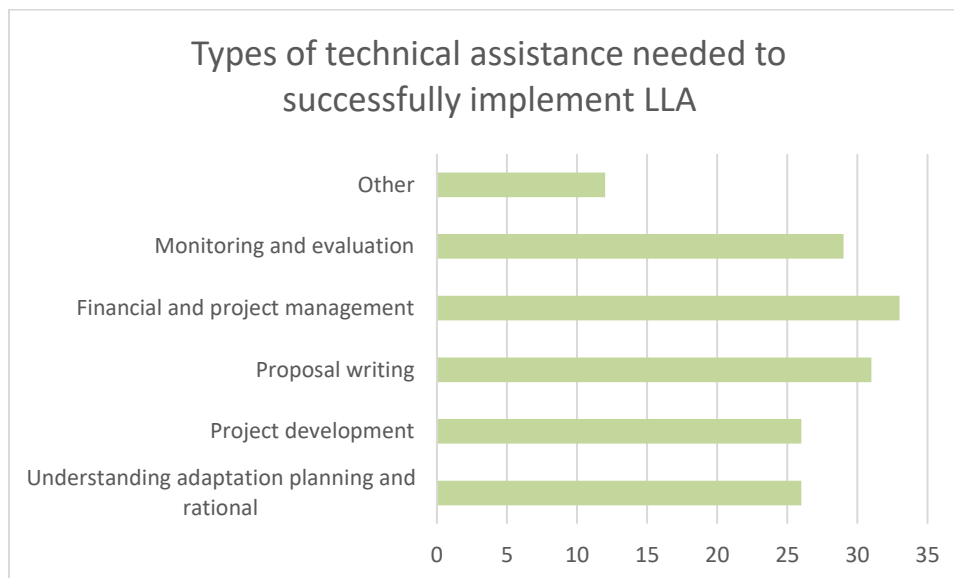
Related to **question 5**, capacity for writing proposal, including language barrier seems to be most significant barriers in accessing funding, absence of funding opportunities for local actors and lack of understanding and knowledge of adaptation measures are also signaled as important barriers.



On the other hand, **questions 6** highlights that complex reporting processes and complex safeguard compliance requirements are signaled among the biggest challenges that prevent local actors from managing adaptation initiatives and projects.



Responses to these last two questions reinforce the comments received during the focus group and further highlight the need to invest in technical assistance programmes in LLA. In response to question 7, participants provide insight on the types of capacity building or technical assistance needed to successfully implement LLA. These include in priority: financial and project management, proposal writing and project development as well as monitoring and evaluation.



Several respondents shared additional ideas and suggestions for consideration in designing LLA Funding modalities (some are reproduced verbatim below). These suggestions would be used, to the extent possible, in developing the guidelines for submitting under the global aggregator for LLA if approved by the Board.

- “Patient and adaptive funding is critical. Provide long term support and be prepared to adapt to suit course changes. Mentor local organisations to bring them up to capacity recognising they will not be starting from a level of high capacity. Support 'empowerment

due diligence' to enable donor compliance over time. Ensure you leave no one behind and do not cherry pick the most able, vocal or powerful from community led groups.”

- “There are various initiatives that are developing indicators measure the operationalisation of these principles (e.g. by IIED) - the Adaptation Fund's requirements should build on these.”
- “Building a knowledge hub for LLA will go a long way to guide stakeholders in adopting all the principles.”
- “Don't invest on isolated projects and don't scatter. Build on national system. Work with national government to decentralize fund.”
- “For us, it is not about "lack of capacities" in most cases, but rather the formats, requirements, languages in which they are requested, do not adjust to local realities. Risk and responsibilities are still very unbalanced, and funders need to assume a greater share of both. Funders need to find bolder, more creative and flexible ways to deliver finance. Flexibility to make mistakes and learn-by-doing. The need to obtain endorsement from national governments to access funds is also a huge barrier. Also, many funders do not have appetite to fund activities that are key for communities such as strengthening governance mechanisms, securing land tenure or really fulfilling capacity gaps. It is key that simpler access modalities, innovative ways for accountability, and a strong building of trust are considered.”
- “Streamlining of procedures, reducing bureaucracy. LOEs will be problematic for communities to secure.”
- “Scaling out local adaptation projects would be ideal. Especially those raising resources from the community.”
- “Middlemen seem to be critical as they have the ability to carry some of the necessary capacities. But they can absorb too much of the funding. Which ones/types can be most effective? Also, there should be a high appetite to fund the participatory processes that are critical to LLA, not just rush into funding ‘stuff.’”
- “It would be excellent to see the Adaptation Fund filling the gap between the GEF SGP and larger scale projects (from AF and others). Working with peak bodies and local civil society, scaling approaches that work would fill a critical gap in existing mechanisms. IIED would be very happy to work with the Adaptation Fund in the design of such a mechanism and can help facilitate engagement with key LLA stakeholders via the LLA community of practice that we host. This is a great initiative from the Adaptation Fund and we look forward to supporting in any way we can.”
- “Facilitating the process depends on the modality structure but is also related to the risk appetite of the donor. One idea could be to enable easy access to the fund yet setting a cap on the first installment with very strict monitoring of the first year of implementation. i.e., move the scrutiny that usually happens during funding approval to the review of the first year of implementation. This will give active actors to demonstrate their good work and develop their skills as they go, instead of requiring the presently high pre-investment and proposal writing skills.”
- “Innovate in the format of proposals, ways of M&E and reporting to make them suitable to existing capacities on the ground, along a spectrum of capacities, from least capacity/ most vulnerable to more capacity (e.g. higher per capita income, local govts etc.).”

Annex 3 Revised template for EDA proposals



ADAPTATION FUND

REQUEST FOR PROJECT/PROGRAMME FUNDING FROM THE ADAPTATION FUND

The annexed form should be completed and transmitted to the Adaptation Fund Board Secretariat by email or fax.

Please type in the responses using the template provided. The instructions attached to the form provide guidance to filling out the template.

Please note that a project/programme must be fully prepared (i.e., fully appraised for feasibility) when the request is submitted. The final project/programme document resulting from the appraisal process should be attached to this request for funding.

Complete documentation should be sent to the email: submissions@adaptation-fund.org



ADAPTATION FUND

ENHANCED DIRECT ACCESS PROJECT/PROGRAMME PROPOSAL FOR SINGLE COUNTRY

PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme:

Country:

Thematic Focal Area:

Type of Implementing Entity: Choose an item.

Implementing Entity:

Executing Entities:

Amount of Financing Requested: (in U.S Dollars Equivalent)

Letter of Endorsement (LOE) signed: Yes No

NOTE: The LOE should be signed by the Designated Authority (DA). The signatory DA must be on file with the Adaptation Fund. To find the DA currently on file check this page: <https://www.adaptation-fund.org/apply-funding/designated-authorities>

Stage of Submission:

This proposal has been submitted before including at a different stage (concept, fully-developed proposal)

This is the first submission ever of the proposal at any stage

In case of a resubmission, please indicate the last submission date: Click or tap to enter a date.

Please note that fully-developed proposal documents should not exceed 100 pages for the main document, and 100 pages for the annexes.

Project / Programme Background and Context:

Provide brief information on the problem the proposed project/programme is aiming to solve. Outline the economic social, development and environmental context in which the project would operate.

Project / Programme Objectives:

List the main objectives of the project/programme.

Project / Programme Components and Financing:

Fill in the table presenting the relationships among project components, activities, expected concrete outputs, and the corresponding budgets. If necessary, please refer to the attached instructions for a detailed description of each term.

For the case of a programme, individual components are likely to refer to specific sub- sets of stakeholders, regions and/or sectors that can be addressed through a set of well defined interventions / projects.

Project/Programme Components	Expected Concrete Outputs	Expected Outcomes	Amount (US\$)
1.			
2.			
3.			
4.			
5.			
6. Project/Programme Execution cost			
7. Total Project/Programme Cost			
8. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable)			
Amount of Financing Requested			

Projected Calendar:

Indicate the dates of the following milestones for the proposed project/programme

Milestones	Expected Dates
Start of Project/Programme Implementation	
Mid-term Review (if planned)	
Project/Programme Closing	
Terminal Evaluation	

PART II: PROJECT / PROGRAMME JUSTIFICATION

- A.** Describe the project / programme components, particularly focusing on the concrete adaptation activities of the project, and how these activities contribute to climate resilience. For the case of a programme, show how the combination of individual projects will contribute to the overall increase in resilience. **Specify how the project/programme enables devolving decision making to the lowest appropriate level and gives 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.**
- B.** Describe how the project / programme provides economic, social and environmental benefits, with particular reference to the most vulnerable communities, and vulnerable groups within communities, including gender considerations. Describe how the project / programme will avoid or mitigate negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund. **In particular, specify how the project/programme is addressing structural inequalities faced by women, youth, children, people with disabilities, people who are displaced, Indigenous Peoples and marginalized ethnic groups.**
- C.** Describe or provide an analysis of the cost-effectiveness of the proposed project / programme., focusing on the implementation and execution arrangements, in particular the mechanism which will provide more direct access to finance.
- D.** Describe how the project / programme is consistent with national, **sub-national and local** sustainable development strategies, including, where appropriate, national adaptation plan (NAP), national, **sub-national or local development plans**, poverty reduction strategies, national communications, or national adaptation programs of action, or other relevant instruments, where they exist.
- E.** Describe how the project / programme meets relevant national technical standards, where applicable,

such as standards for environmental assessment, building codes, etc., and complies with the Environmental and Social Policy of the Adaptation Fund.

Also describe, as needed, how the project/programme will provide support to local actors and build their capacities to comply with the standards.

- F. Describe if there is duplication of project / programme with other funding sources, if any. Describe how the project/programme will ensure coordination of different initiatives, sub-projects and small grants towards a common goal, enhances collaboration across sectors and outlines how activities avoid duplication and enhance efficiencies and good practice.
- G. If applicable, describe the learning and knowledge management component to capture and disseminate lessons learned and how this contributes to building and institutionalizing local capabilities. Provide details on managing traditional and/or indigenous knowledge, where relevant.
- H. Describe the consultative process, including the list of stakeholders consulted, undertaken during project preparation, with particular reference to vulnerable groups, including gender considerations, in compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund. Provide details on how the consultative process considered and addressed gender-based, economic and other inequalities and encouraged vulnerable and marginalized individuals to meaningfully participate in and lead adaptation decisions.
- I. Provide justification for funding requested, focusing on the full cost of adaptation reasoning.
- J. Describe how the sustainability of the project/programme outcomes has been taken into account when designing the project / programme. In particular, describe how the project/programme supports long-term development of local governance processes, and improves the capacity of local institutions (including through simpler access modalities), and how it can ensure that communities can effectively implement adaptation actions, facilitate and manage adaptation initiatives over the long term without being dependent on project-based donor funding.
- K. Provide an overview of the environmental and social impacts and risks identified as being relevant to the project / programme.

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
<i>Compliance with the Law</i>		
<i>Access and Equity</i>		
<i>Marginalized and Vulnerable Groups</i>		
<i>Human Rights</i>		
<i>Gender Equality and Women's Empowerment</i>		
<i>Core Labour Rights</i>		
<i>Indigenous Peoples</i>		
<i>Involuntary Resettlement</i>		
<i>Protection of Natural Habitats</i>		
<i>Conservation of Biological Diversity</i>		
<i>Climate Change</i>		
<i>Pollution Prevention and Resource Efficiency</i>		
<i>Public Health</i>		
<i>Physical and Cultural Heritage</i>		
<i>Lands and Soil Conservation</i>		

PART III: IMPLEMENTATION ARRANGEMENTS

- A.** Describe the arrangements for project / programme implementation. **Please describe how the implementation modalities enable giving local institutions and communities more direct access to finance and decision-making power over how adaptation actions are defined, prioritized, designed and implemented.**

- B.** Describe the measures for financial and project / programme risk management. **Please describe how local stakeholders contribute to the design and management project risk management.**

- C.** Describe the measures for environmental and social risk management, in line with the Environmental and Social Policy and Gender Policy of the Adaptation Fund. **Describe the role of local actors in developing and managing these measures.**

- D.** Describe the monitoring and evaluation arrangements and provide a budgeted M&E plan, in compliance with the Evaluation Policy, Environmental and Social Policy and the Gender Policy of the Adaptation Fund. **Describe how the monitoring and innovation arrangement deploys innovative tools to enable monitoring by the community and local actors.**

- E.** Include a results framework for the project proposal, with a set of measurable milestones, targets and smart indicators, in compliance with the Gender Policy of the Adaptation Fund⁶.

- F.** Demonstrate how the project / programme aligns with the Results Framework of the Adaptation Fund, including its core impact indicators

Project Objective(s) ⁷	Project Objective Indicator(s)	Fund Outcome	Fund Outcome Indicator	Grant Amount (US\$)

⁶ <https://www.adaptation-fund.org/wp-content/uploads/2022/07/New-Design-Evaluation-Policy.pdf>

⁷ The AF utilized OECD/DAC terminology for its results framework. Project proponents may use different terminology but the overall principle should still apply

Project Outcome(s)	Project Outcome Indicator(s)	Fund Output	Fund Output Indicator /Core Impact indicator	Grant Amount (US\$)

G. Include a detailed budget with budget notes, a budget on the Implementing Entity management fee use, and an explanation and a breakdown of the execution costs.

H. Include a disbursement schedule with time-bound milestones.

PART IV: ENDORSEMENT BY GOVERNMENT AND CERTIFICATION BY THE IMPLEMENTING ENTITY

A. Record of endorsement on behalf of the government

Provide the name and position of the government official and indicate date of endorsement. If this is a regional project/programme, list the endorsing officials all the participating countries. The endorsement letter(s) should be attached as an annex to the project/programme proposal. Please attach the endorsement letter(s) with this template; add as many participating governments if a regional project/programme:

<i>(Enter Name, Position, Ministry)</i>	Date: <i>(Month, day, year)</i>
---	---------------------------------

B. Implementing Entity certification

Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project/programme contact person's name, telephone number and email address.

I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans (.....list here.....) and subject to the approval by the Adaptation Fund Board, <u>commit to implementing the project/programme in compliance with the Environmental and Social Policy and the Gender Policy of the Adaptation Fund</u> and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.

⁶. Each Party shall designate and communicate to the secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.

<i>Name & Signature</i> Implementing Entity Coordinator	
Date: <i>(Month, Day, Year)</i>	Tel. and email:
Project Contact Person:	
Tel. And Email:	

Annex 4 Proposal for revision of the review sheet template for EDA projects



ADAPTATION FUND

**ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW
OF PROJECT/PROGRAMME PROPOSAL**

PROJECT/PROGRAMME CATEGORY: EDA Regular Size Full Proposal

Country/Region:

Project Title:

Thematic Focal Area:

Implementing Entity:

Executing Entities:

AF Project ID:

IE Project ID:

Reviewer and contact person:

IE Contact Person:

Requested Financing from Adaptation Fund (US Dollars):

Co-reviewer(s):

Technical Summary:	
Date:	

Review Criteria	Questions	Comments
Country Eligibility	1. Is the country party to the Kyoto Protocol?	
	2. Is the country a developing country particularly vulnerable to the adverse effects of climate change?	
Project Eligibility	1. Has the designated government authority for the Adaptation Fund endorsed the project/programme?	
	2. Does the length of the proposal amount to no more than one hundred (100) pages for the	

	fully-developed project document, and one hundred (100) pages for its annexes?	
	3. Does the project / programme support concrete adaptation actions to assist the country and/or the local actors in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience?	
	4. Does the project/programme enable devolving decision making to the lowest appropriate level? Does it give 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.	
	5. Does the project / programme provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Fund? Does the project/programme address structural inequalities faced by women, youth, children, people with disabilities, people who are displaced, Indigenous Peoples and marginalized ethnic groups?	
	6. Is the project / programme cost effective?	
	7. Is the project / programme consistent with national, sub-national or local sustainable development strategies, national, sub-national or local development plans, poverty reduction strategies, national communications and	

	adaptation programs of action and other relevant instruments?	
	<p>8. Does the project / programme meet the relevant national technical standards, where applicable, in compliance with the Environmental and Social Policy of the Fund?</p> <p>Does the project provide support to local actors and build their capacities to comply with the standards?</p>	
	<p>9. Is there duplication of project / programme with other funding sources?</p> <p>Does the project enhance collaboration across sectors and enhance efficiencies and good practice?</p>	
	<p>10. Does the project / programme have a learning and knowledge management component to capture and feedback lessons, in particular managing traditional and/or indigenous knowledge, where relevant?</p> <p>Does it contribute to building and institutionalizing local capabilities?</p>	
	<p>11. Has a consultative process taken place, and has it involved and encouraged all key stakeholders, and vulnerable groups, to meaningfully participate in and lead adaptation decisions?</p> <p>Did the consultative process consider and address gender-based, economic and other inequalities in compliance with the Environmental and Social Policy and Gender Policy of the Fund?</p>	
	<p>12. Is the requested financing justified on the basis of full cost of adaptation reasoning?</p>	

	13. Is the project / program aligned with AF's results framework?	
	14. Has the sustainability of the project/programme outcomes been taken into account when designing the project? Does the project/programme support long-term development of local governance processes, and improve the capacity of local institutions to ensure that communities can effectively implement adaptation actions over the long term?	
	15. Does the project / programme provide an overview of environmental and social impacts / risks identified, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?	
Resource Availability	1. Is the requested project / programme funding within the cap of the country?	
	2. Is the Implementing Entity Management Fee at or below 8.5% per cent of the total project/programme budget before the fee?	
	3. Are the Project/Programme Execution Costs at or below 9.5% per cent of the total project/programme budget (including the fee)?	
Eligibility of IE	1. Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?	
Implementation Arrangements	1. Is there adequate arrangement for project / programme management, in compliance with the Gender Policy of the Fund? Do the implementation modalities enable giving local institutions and communities more direct access to finance and decision-making power over how adaptation actions are defined, prioritized, designed and	

	implemented?	
	2. Are there measures for financial and project/programme risk management? Do local stakeholders contribute to the design and management of the project risk management?	
	3. Are there measures in place for the management of for environmental and social risks, in line with the Environmental and Social Policy and Gender Policy of the Fund? Do local actors contribute to developing and managing these measures?	
	4. Is a budget on the Implementing Entity Management Fee use included?	
	5. Is an explanation and a breakdown of the execution costs included?	
	6. Is a detailed budget including budget notes included?	
	7. Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans and sex-disaggregated data, targets and indicators, in compliance with the Gender Policy of the Fund? Do monitoring and innovation arrangement enable monitoring by the community and local actors (including by deploying innovative tools)?	
	8. Does the M&E Framework include a breakdown of how implementing entity IE fees will be utilized in the supervision of the M&E function?	
	9. Does the project/programme's results framework align with the AF's results framework? Does it include at least one core	

	outcome indicator from the Fund's results framework?	
	10. Is a disbursement schedule with time-bound milestones included?	