

Adaptation Fund Board  
Project and Programme Review Committee  
Thirty-fifth meeting  
Bonn, Germany

## **Annually Determined Funding Provisions for Fiscal Year 2026**

### **Strategic Issues**

- a) Delivering financing for concrete adaptation projects is core to the mandate of the Adaptation Fund and a key measure of its effectiveness as a funding vehicle. The annual allocations support the Adaptation Fund's Implementation Plan for the second Medium-term Strategy (MTS) of the Fund 2023-2027.
- b) The Adaptation Fund's allocation of funding on an annual basis to various windows other than the single country regular adaptation projects, helps the Board to direct resources in a way that facilitates funding through those windows while managing the availability of funding for regular projects. The annual allocation is critical for the regional window as well as the large innovation, small innovation, locally-led adaptation (LLA) single country, LLA global aggregator, LLA regional aggregator, learning and project scale up grants. The annual allocation to these windows support the Implementation Plan for the second Medium-term Strategy (MTS) of the Fund 2023-2027.

### **Purpose**

1. This board paper presents to the Project and Programme Review Committee a proposal for the annual allocation of funding for fiscal year 2026, for the various windows of the Adaptation Fund which fall outside of the country cap, with the proposed recommendation to the Adaptation Fund Board (the Board) below.

### **Recommended Decision**

2. The PPRC may want to consider and recommend to the Board to request the secretariat to include in its work programme for fiscal year 2026 a provision for an amount of:
  - (a) US\$ 60 million for funding regional project and programme proposals, including the funding of project formulation grant requests for preparing regional project and programme concept or fully-developed project documents;
  - (b) US\$ 60 million for funding the second call for proposals for the Adaptation Fund Climate Innovation Accelerator (AFCIA);



- (c) US\$ 26.5 million for funding locally led adaptation (LLA) single country projects and programmes, including the funding of project formulation and project formulation grant requests for preparing LLA fully-developed project documents;
- (d) US\$ 30 million for funding a new regional aggregator programme for channeling grants for LLA to non-accredited entities, including the funding of project formulation and project formulation grant requests;
- (e) US\$ 30 million for funding large innovation projects and programmes, including the funding of project formulation and project formulation grant requests;
- (f) US\$3.5 million for funding small innovation grants, learning grants and project scale-up grants.

### **Background**

3. At its forty-second meeting, the Board decided to approve the following annual funding provisions via decision B.42/33, as follows:

- (a) US\$ 60 million for funding regional project and programme proposals, including the funding of project formulation grant requests for preparing regional project and programme concept or fully-developed project documents;
- (b) US\$ 26.5 million for funding [EDA or LLA] single country projects and programmes, including the funding of project formulation and project formulation grant requests for preparing enhanced direct access fully-developed project documents;
- (c) US\$ 35 million for funding a new Global Aggregator programme for channeling grants for LLA to non-accredited entities;
- (d) US\$ 30.3 million for funding large innovation projects and programmes, including the funding of project formulation and project formulation grant requests for preparing large innovation fully-developed project documents;
- (e) US\$ 1.5 million for funding small innovation grants;
- (f) US\$ 1.5 million for funding learning grants;
- (g) US\$ 1 million for funding project scale-up grants.

### Regional window

4. The Adaptation Fund Board in 2015 through [decision B.25/28](#), approved the pilot programme on regional projects and programmes, with funding capped at US\$ 30 million. This was further to consideration of information contained in document [AFB/B.25/6/Rev.2](#). The decision also requested the Secretariat to issue a call for regional projects and programme proposals to Designated Authorities (DAs) and Multilateral Implementing Entities (IEs) of the Fund. Through [decision B.27/5](#) the Board extended the call while maintaining the US\$ 30 million allocation. Additionally, the Secretariat was requested to present a proposal for prioritization among the regional project and programme proposals received including awarding project formulation grants (PFGs) and for establishing a pipeline.

5. This proposal as contained in document [AFB/PPRC.19/5](#) was considered at the twenty-eighth Board meeting. Based on this document, the Board decided through [decision B.28/1](#) to set the prioritization criteria for the regional projects and programmes and the PFGs presented. The Secretariat was also requested to report on the progress and experiences of the pilot programme at its twenty-third meeting in addition to continue considering regional proposals with two separate allocations for two pipelines for technically cleared proposals – the first for US\$ 14 million and the other for US\$ 5 million. Additionally, the funding for those technically cleared proposals were to be from the resources available for the respective types of implementing entities, to be approved each year at the time of approving the annual workplan of the Board.

6. Through [decision B.29/4](#) of the Board, provisions were made in the 2018 workplan both for proposals and PFGs. Annual funding provisions were continued through various board decisions as follows; [decision B.31/3](#), [decision B.33/12](#), [decision B.35.a-35.b/75](#) and [decision B.36/1](#). During the thirty-sixth meeting of the Board, it was also decided *inter alia* to maintain the processes for allocation of funding regional proposal and to set a maximum project size [decision B.36/41](#). Since then, annual funding provisions have continued for windows which do not fall under the country cap.

### AFCIA programmes window

7. After the consideration of the draft Implementation Plan of MTS-II presented in [AFB/B.40/.5/Rev.1](#) the Board approved through [decision B.40/72](#) the Implementation Plan, which contains, under the Innovation Pillar, a tentative provision for US\$ 100 million for the AFCIA through two rounds of funding total. The Board has already invited, through [decision B.40/57](#), five IEs to submit AFCIA programme proposals for a total of US\$ 40 million.

### Large Innovation Grants window

8. Large innovation grants became operational through [decision B.36/24](#) as well as a call to NIEs, MIEs and RIEs to submit innovation grants. Annual funding provisions for

large innovation grants were first made in 2024 through [decision B.40/56](#), in the amount of US\$ 30.3 million.

### **Small Innovation Grants window**

9. Following the adoption of the [decision B.30/42](#) and [decision B.31/32](#) at the thirtieth and thirty-first meetings respectively, at its thirty-second meeting, the Board considered document [AFB/PPRC.23/4/Rev.2](#), Program on Innovation: Small Grants Projects through Direct Access Modality. Additionally, the process for funding small innovation grants including templates were approved. The Secretariat was also requested to issue its first request for proposals to NIEs up to US\$ 2 million through [decision B.32/4](#). The first request for proposals was launched in 2018, however no annual funding provisions was set until the fortieth meeting of the Board where US\$ 1.5 million was determined as the funding provision for fiscal year 2024 through [decision B.40/56](#).

### **Single Country LLA window (formerly EDA window)**

10. At the second session of its thirty-fifth meeting, the Board considered the document [AFB/PPRC.26.b/18](#), Window for Enhanced Direct Access under the MTS. Based on this document, the Board approved an enhanced direct access (EDA) window to further promote locally-led adaptation (LLA) under the fund. The EDA was available to NIEs with a maximum of US\$5 million per country, which would be separate and apart from the country cap allocation. Fee levels, templates and other guidance were provided through [decision B.35.b/10](#). Through [decision B.36/2](#) the Board made funding allocations for the EDA projects and supporting PFGs. Allocation decisions on the EDA window were made annually.

11. At its forty-second meeting, the Board decided through [decision B.42/36](#) to merge the window for EDA into an expanded and enhanced window for single-country LLA projects/programmes as contained in paras 37-42 of document [AFB/PPRC.33/39](#).

### **Regional LLA Aggregator window**

12. Through a document [AFB/PPRC.33/39](#) the Board [decision B.42/36](#) established the window, requested the Secretariat to present options for a new window for regional projects for LLA. This should include 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. The paper AFB/PPRC.35/9 is presented for the Board's consideration. As per the recommendation above an allocation for 2026 in the amount of US\$ 30 million is proposed.

### **Learning Grants window**

13. The learning grants window was also established through the adoption of the MTS through [decision B.31/32](#). Subsequently through [decision B.32/38](#) the Board approved the learning grant window as set out in annexes II, III and IV of document [AFB/B.32/.9](#). This includes agreements and templates, the need for annual reporting and



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to conduct an analysis of project review cycle for learning grants. The decision for an initial call for learning grant proposals with an indicative set aside amount of US\$ 400,000 was made through [decision B.32/39](#). These grants would be accessed by national implementing entities (NIEs). This amount was increased to US\$ 1 million for 2024 through [decision B.40/56](#). This was followed by increase in size of learning grants from US\$ 150,000 to US\$ 500,000 in accordance with [decision B.42/34](#), as well as the option to bundle such grants with Small Innovation Grants as per document [AFB/PPRC.34/11](#) and decision [B.43/22](#).

### **Project Scale-Up window**

14. The project scale-up window was also established through the adoption of the MTS through [decision B.31/32](#). In keeping with the contents of document [AFB/B.32/9](#), the Board through [decision B.32/39](#) made project scale up grants available for NIEs between 2019 and 2023 for up to US\$ 200,000 per year. Additionally, the Board outlined the agreement and templates, annual reporting as well as other guidance for the operationalization of the project scale up window, to issue a call for proposals for project scale-up grants and to require the secretariat to report to the Board annually on the implementation progress for project scale-up grants through the annual performance report.