



ADAPTATION FUND

AFB/PPRC.36/39
8-9 October 2025

Adaptation Fund Board
Project and Programme Review Committee
Thirty-sixth Meeting
Bonn, Germany 8-9 October 2025

Agenda Item 12)

EXPRESSIONS OF INTEREST FROM MULTILATERAL AND REGIONAL IMPLEMENTING ENTITIES TO JOIN THE ADAPTATION FUND CLIMATE INNOVATION ACCELERATOR PARTNERSHIP

Background

1. This document presents to the Project and Programme Review Committee (PPRC) of the Adaptation Fund Board (the Board) an overview of the Expression of Interest (EOI) for Adaptation Fund Climate Innovation Accelerator (AFCIA) partnership.
2. The Secretariat launched of Call for EOI for AFCIA (Annex I) in June 2025. This is part of the second round of funding, as per Adaptation Fund's (Fund's) Second Medium-Term Strategy (2023-2027) (MTS-II), as well as Decision B.44/41, by which the Board decided to request the secretariat to include in its work programme for fiscal year 2026 a provision for an amount of US\$ 60 million for funding the second call for proposals for AFCIA.
3. EOIs were submitted by the following Regional and Multilateral Implementing Entities: Development Bank of Latin America (CAF); European Bank for Reconstruction and Development (EBRD); International Fund for Agricultural Development (IFAD); World Bank (International Bank for Reconstruction and Development); UN Development Programme (UNDP); United Nations Human Settlements Programme (UN-HABITAT); and United Nations Industrial Development Organization (UNIDO).
4. The summaries of the EOIs mentioned above are contained in a separate addendum to this document.

Adaptation Fund Climate Innovation Accelerator

5. The Adaptation Fund Board, through Decision B.39/61, approved the Fund's second and current Medium-Term Strategy (MTS II) for the 2023 – 2027 period. In the context of increasing climate urgency and needs, MTS-II builds on the achievements and experience of implementing MTS-I, which saw the initial launch and implementation of the Adaptation Fund Climate Innovation Accelerator (AFCIA). MTS-II seeks to accelerate effective adaptation action and efficient access to finance in developing countries, while continuing a strategic focus on three pillars: financing adaptation action; innovation; and learning and sharing. Under the innovation pillar, the Fund will expand and encourage access to innovation grants, as well as exploring opportunities and modalities that can create space for innovation and risk-taking.
6. The expected results (ERs) for the innovation pillar under MTS II have been defined as follows:
 - (i) New innovations and risk-taking encouraged and accelerated – Development of innovative adaptation practices, tools and technologies encouraged and accelerated, including solutions with high impact potential even if it comes with a higher risk of failure.
 - (ii) Successful innovations replicated and scaled up – Innovative adaptation practices, tools and technologies that have demonstrated success in one country spread to new countries/regions or are scaled up from smaller to larger scales.

- (iii) Access and capacities enhanced for designing and implementing innovation – Access and capacities enhanced, knowledge generated, and awareness raised, for implementing entities and non-accredited actors to design and implement innovative adaptation solutions.
- (iv) Evidence base generated and shared (linkage with learning and sharing pillar) – Evidence on the conditions that lead to successful innovation generated and shared, and partnerships, iteration, learning, and adaptive management encouraged. Evidence of effective, efficient adaptation practices, products and technologies generated as a basis for implementing entities and other funds to assess scaling up.

7. In line with the MTS II and following consultations with the members of the Innovation Task Force of the Board, the secretariat issued a Call for Expressions of Interest (EOI) with a view of the continuation and expansion of AFCIA to include additional multilateral and regional implementing entities (IEs) with capacity to administer small innovation grants in vulnerable regions and in relevant sectors.

8. Subsequently, the secretariat circulated the Call for Regional and Multilateral Implementing Entities to express their interest in applying for funding to support and expand AFCIA on the 20th of January 2023. IEs were invited to submit expressions of interest to the AFB Secretariat no later than the deadline of February 20, 2023. By the deadline, the secretariat had received five submissions, which were presented in document AFB/PPRC.31/58.

9. The secretariat also presented Document AFB/PPRC.31/59 concerning the ‘Operational Policy and Guidance to Adaptation Fund Climate Innovation Accelerator (AFCIA) Implementing Entities’, in line with the Medium-term Strategy (MTS II) 2023-2027.

10. For the first round of AFCIA funding, following the circulation of the Call for Regional and Multilateral Implementing Entities to express their interest in applying for funding to support and expand AFCIA in January 2023, the secretariat received five submissions which were presented to the PPRC. Having considered the recommendations of the PPRC, the Adaptation Fund Board (the Board) decided:

- (a) To invite the Pacific Community (SPC) to develop a programme proposal for an amount of up to US\$ 5,000,000;
- (b) *To invite the Secretariat of the Pacific Regional Environment Programme (SPREP) to develop a programme proposal for an amount up to US\$ 5,000,000;*
- (c) *To invite the United Nations Environment Programme (UNEP) to develop a programme proposal for an amount up to US\$ 10,000,000;*
- (d) *To invite the United Nations Industrial Development Organization (UNIDO) to develop a programme proposal for an amount up to US\$ 10,000,000;*
- (e) *To invite the United Nations World Food Programme (WFP) to develop a programme proposal for an amount up to US\$ 10,000,000;*

- (f) *To invite the implementing entities (IEs) to prepare a programme proposal using the process elaborated in document AFB/PPRC.31/59 for the consideration of the Board at its forty-first meeting;*
- (g) *To invite UNEP, UNIDO and WFP to submit a proposal on extending coordination services to the Adaptation Fund Climate Innovation Accelerator (AFCIA) partnership for consideration by the Project and Programme Review Committee at its thirty-second meeting;*
- (h) *To request the selected IEs to indicate acceptance by letter to the Chair of the Board by no later than two weeks following the date of the official invitation notification;*
- (i) *To request the secretariat to increase the outreach to IEs regarding the AFCIA partnership.*

(Decision B.40/57)

11. Three new AFCIA proposals submitted by UNEP-CTCN (Decision B.42/31), UNIDO (Decision B.41/17), and WFP (Decision B.41/16) have been approved. As of September 2025, two AFCIA proposals were submitted by SPC and SPREP.

12. As requested by the Board (Decision B.41/18), UNEP-CTCN was invited to submit a proposal to provide coordination service to the AFCIA partnership. The coordination proposal submitted by UNEP-CTCN has since been approved (Decision B.43/18). The proposal aims to enhance the scale up of the AFCIA programme through the coordination of its implementing entities and its monitoring and learning activities. It is structured three components:

- 1) Coordination, management and monitoring services to support programme implementation and performance;
- 2) Systems of innovations created to support the development and improvement and scale up of innovative adaptation practices, tools, and technologies; and
- 3) Communication and Knowledge Management services for increased dissemination and adoption of successful adaptation innovations and technologies globally.

13. In resJune 2025, the Adaptation Fund Board Secretariat issued a second Call for Expressions of Interest from Regional Implementing Entities (RIEs) and Multilateral Implementing Entities (MIEs) with the capacity to serve as small grant aggregators and strengthen innovation efforts in climate change adaptation. RIEs and MIEs were invited to submit expressions of interest to the AFB Secretariat no later than that cutoff date of 10th August, 2025. The Call for Expressions of Interest is attached in Annex 1 of the current document.

Response to the Call for the Expressions of Interest

14. By the deadline, EOIs proposals were submitted by the following Regional and Multilateral Implementing Entities of the Fund: Development Bank of Latin America (CAF); European Bank

for Reconstruction and Development (EBRD); International Fund for Agricultural Development (IFAD); World Bank (International Bank for Reconstruction and Development); UN Development Programme (UNDP); United Nations Human Settlements Programme (UN-Habitat); and United Nations Industrial Development Organization (UNIDO).

15. The total amount of funding in EOIs being requested by the eligible single country proposals is US\$ 148,925,000.

16. The Adaptation Fund Board secretariat's technical review committee reviewed the submissions, considering the provisional criteria laid out in the expression of interest (Annex 1) which includes:

- (a) **Alignment with the Adaptation Fund's Vision on Innovation:** Demonstrate how the proposal aligns with the vision and definition for innovation as adopted by the Adaptation Fund Board in document [AFB/B.36/8](#);
- (b) **Implementation Modality and Innovation Approach:** Describe the proposed implementation modality or modalities, highlighting the comparative advantages of the implementing entity. Explain the approach for identifying innovative adaptation solutions, supporting innovators, replication and scaling up successful innovations;
- (c) **Proposed review process or processes:** Outline the review process or processes that will be employed to assess and refine project proposals under the proposed modality;
- (d) **Learning and Knowledge Sharing:** Present the learning-and-sharing mechanism in line with the Medium-Term Strategy's (MTS) pillar on knowledge and the Review Criteria for Innovation Proposals, as outlined in document PPRC.27/28;
- (e) **Fostering an Adaptation Innovation Ecosystem:** Describe how the proposal contributes to building or strengthening an innovation ecosystem at regional and/or global level, including mechanisms to engage diverse stakeholders and sustain innovation pathways;
- (f) **Contribution to the AFCIA partnership and complementarity with ongoing efforts:** Highlight how the proposed project fills a gap, offers unique insights, or reinforces ongoing efforts—especially in light of the coordination mechanism for the AFCIA partnership now in place.
- (g) **Administration cost and provisional budget:** Provide a breakdown of the administrative cost or management fee, along with a provisional budget. This should include allocations for coordination, support to National Implementing Entities (NIEs) where relevant, and other relevant functions.
- (h) **Thematic focus:** Proposals may focus on a wide range of themes, provided they are clearly aligned with the Fund's mandate to support innovative approaches to climate change adaptation. Innovation may be pursued across any sector relevant to climate resilience, particularly those that contribute to achieving the Global Goals on Adaptation. The Fund remains open to supporting innovative adaptation interventions in any thematic area deemed relevant by the proponent, as long as the proposal

demonstrates clear climate adaptation rationale, addresses specific adaptation challenges, and aligns with national priorities. Proposals combining various form of innovation – such as technological, financial, institutional, or social innovation – are also welcome, particularly where such integration contributes to optimal adaptation solutions.

Modalities and Procedures

17. The RIE and MIE accelerators would, upon being selected and accepting the role, prepare a proposal, following a one-step process for regional projects and programmes, submitting a fully-developed project proposal, which will be reviewed against the criteria for such projects/programmes, as applicable, for the consideration of the Board at the forty-first meeting.

Recommendation

18. The PPRC may wish to review the seven submissions of Expressions of Interest to serve as RIE and MIE accelerators for small grants for innovation and recommend to the Board to:

- (a) Consider some or all submissions of Expressions of Interest to serve as implementing entities (IEs) for programmes accelerators for small grants for innovation;
- (b) Invite the [NAME OF SELECTED IE 1] to develop proposal to serve as the IE accelerator for a provision amount of USD [AMOUNT] for consideration at the forty-fifth meeting of the Board;
- (c) Invite the [NAME OF SELECTED IE 2] to develop proposal to serve as the IE accelerator for a provision amount of USD [AMOUNT] for consideration at the forty-fifth meeting of the Board;
- [--]
- (d) Request the selected IE[s] to indicate acceptance;
- (e) Invite the IE[s] to prepare a programme proposal using the process elaborated in document AFB/PPRC.31/59 for the consideration of the Board at the forty-sixth meeting.

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ADAPTATION FUND

June 17, 2025

**CALL FOR EXPRESSIONS OF
INTEREST FROM
MULTILATERAL AND REGIONAL IMPLEMENTING
ENTITIES OF THE ADAPTATION FUND TO SERVE AS
SMALL GRANTS DELIVERY PARTNERS UNDER
THE ADAPTATION FUND CLIMATE INNOVATION ACCELERATOR
(AFCIA) PARTNERSHIP**

Introduction

1. The Adaptation Fund Board, through Decision B.39/61, approved the Fund's new [Medium Term Strategy \(MTS-II\)](#) for the 2023 – 2027 period. The implementation of MTS-II continues to build on the work carried out under the previous MTS-I (2018-2022), which saw the initial launch and implementation of the Adaptation Fund Climate Innovation Accelerator (AFCIA). In January 2023, the first call for Expressions of Interest during the new MTS-II period was issued, in accordance with the MTS-II Implementation Plan
2. More recently, the Adaptation Fund Board has requested the Secretariat to include in its work programme for fiscal year 2026, a provision for an amount of US\$ 60 million for funding the second call for proposals for the AFCIA (Decision B.44/41).
3. In response, the Adaptation Fund Board Secretariat is now issuing a second Call for Expressions of Interest from Multilateral Implementing Entities (MIEs) and Regional Implementing Entities (RIEs) with the capacity to serve as small grant aggregators and strengthen innovation efforts in climate change adaptation.
4. Accredited MIEs and RIEs of the Adaptation Fund are invited to submit their Expressions of Interest to serve as small grants aggregators under the AFCIA Partnership.
5. **Medium-Term Strategy 2023-2027 (MTS-II) for the Adaptation Fund**
 5. At its thirty-ninth meeting in October 2022, the Adaptation Fund Board, through Decision B.39/61, approved the Fund's [Medium Term Strategy \(MTS-II\)](#) for the 2023 – 2027 period. In the context of increasing climate urgency and needs, MTS-II will build on the achievements and experience of implementing MTS-I, by accelerating effective adaptation action and efficient access to finance in developing countries, and through continuing a strategic focus on three pillars: financing adaptation action; innovation; and learning and sharing. For the innovation pillar, the Fund will expand and encourage access to innovation grants, as well as exploring opportunities and modalities that can create space for innovation and risk-taking.
 6. The Adaptation Fund serves the Paris Agreement as well as the Kyoto Protocol, under which it was established. The UNFCCC recent guidance has affirmed the role of innovation in the efforts to address climate change (Box 1). The Fund's stakeholders identified the Fund's comparative advantage as "at the forefront of innovating and testing new practices and technologies then sharing these, particularly through south-south collaboration."
 7. Under MTS-II, the expected results (ERs) for the innovation pillar have been defined as follows:

- (a) **New innovations and risk-taking encouraged and accelerated** - Development of innovative adaptation practices, tools and technologies encouraged and accelerated, including solutions with high impact potential even if it comes with a higher risk of failure;
- (b) **Successful innovations replicated and scaled up** - Innovative adaptation practices, tools and technologies that have demonstrated success in one country spread to new countries/regions or are scaled up from smaller to larger scales;
- (c) **Access and capacities enhanced for designing and implementing innovation** - Access and capacities enhanced, knowledge generated, and awareness raised, for implementing entities and non-accredited actors to design and implement innovative adaptation solutions;
- (d) **Evidence base generated and shared (linkage with learning and sharing pillar)** - Evidence on the conditions that lead to successful innovation generated and shared, and partnerships, iteration, learning, and adaptive management encouraged. Evidence of effective, efficient adaptation practices, products and technologies generated as a basis for implementing entities and other funds to assess scaling up.

8. In line with the Fund’s Knowledge Management strategy objective to “enhance developing countries’ knowledge about effective adaptation, especially in relation to the most vulnerable communities” and in the context of the learning and sharing pillar of the new MTS, the crosscutting theme of “locally led adaptation” of the new MTS will enable the Fund to expand its knowledge base on successful and efficient adaptation actions involving local actors through different modalities including AFCIA.

Box 1. UNFCCC Guidance on Innovation – Key Principles

Paris Agreement:

Article 10, paragraph 5: Accelerating, encouraging, and enabling innovation is critical for an effective, long-term global response to climate change and promoting economic growth and sustainable development.

Glasgow Climate Pact

Paragraph 60: Strengthen cooperative action on technology development and transfer for...adaptation actions, including accelerating, encouraging, and enabling innovation and the importance of predictable, sustainable, and adequate financing from diverse sources.

Paragraph 87: Importance of international collaboration on innovative climate action, including technological advancement across all actors of society, sectors, and regions in contributing to progress towards the Paris Agreement.

Results Delivery Model

9. The principles of the delivery on the results ER(a) through ER(d) listed above are included in the MTS II document and adopted by the Board. Those are as follows (a.k.a. the “Delivery Model”):

Continuation and expansion of Innovation Facility, including by:

- Supporting innovation projects and programmes that encourage multi-stakeholder partnerships by including e.g., youth, women, disabled people, researchers, civil society, indigenous people, and the private sector;
- Expanding and encouraging access to innovation grants, including by non-accredited actors;

- Exploring further opportunities and modalities that can create space for innovation and risk-taking;
- Supporting capacity-building and readiness for innovation to increase countries' and entities' awareness and capacity for developing and implementing innovation projects, including for target groups such as women and youth, and NIEs;
- Complementing and adding unique value to the AFCIA partnership of programmes;
- Supporting the expansion and development of countries' and regional innovation ecosystems;
- Enhancing learning and sharing of knowledge on innovation in adaptation;
- Exploring alignment and synergies with UNFCCC technology framework incl. Technology Needs Assessments and Technology Action Plans; and
- Exploring and creating new partnerships for innovation in adaptation, including, importantly on expanding the funding support and market opportunities for innovation for adaptation and resilience.

Adaptation Fund Climate Innovation Accelerator Partnership

10. The Adaptation Fund Climate Innovation Accelerator (AFCIA), aims to foster innovation in climate change adaptation in developing countries. The programme targets a broad range of potential finance recipients, including governments, non- governmental organizations, community groups, entrepreneurs, young innovators, and other groups, awarding competitive grants of up to US\$ 250,000 each.



11. The accelerator was announced by the Adaptation Fund at the United Nations Climate Change Conference (COP25) in Madrid in December 2019 and launched in November 2020 together with United Nations Development Programme (UNDP) and UN Environment Programme - Climate Technology Centre and Network (UNEP-CTCN)

12. Among the key expected outcomes of this programme is that it will help encourage and accelerate new innovations, develop innovative adaptation practices, tools, and technologies, and generate evidence of effective, efficient adaptation approaches. In line with the Fund's innovation strategy, the programme will also specifically support the engagement of local actors—including youth, women, Indigenous Peoples, and community-based organizations—in the design and implementation of solutions, thereby strengthening their capacities and leadership in adaptation. This will contribute to assessing the conditions for scaling up and informing future financing.

13. Since then, through UNDP and UNEP-CTCN Phase I programmes, AFCIA has implemented approximately 70 small grants worldwide¹, attracting a wide diversity of innovators including youth, women, private sector, local governments, indigenous communities, etc. The UNFCCC guidance has explicitly acknowledged and encouraged further engagement on AFCIA.

14. Following the first call for Expressions of Interest during implementation of MTS-II that was issued in January 2023, the Adaptation Fund Board invited three multilateral implementing entities - UNEP-CTCN, United Nations Industrial Development Organization (UNIDO), and World Food Programme (WFP), and two regional implementing entities – Pacific Regional Environment Programme (SPREP) and The Pacific Community (SPC) to submit proposals to join the AFCIA partnership (Decision B.40/57). As of April 2025, three new AFCIA proposals submitted by UNEP-CTCN, UNIDO, and WFP have been approved.

15. As requested by the Board (Decision B.41/18), UNEP-CTCN was invited to submit a proposal to provide coordination service to the AFCIA partnership.

¹ More information about applying for AFCIA grants can be found directly through UNDP and CTCN here: <https://www.adaptation-undp.org/smallgrantaggregator/> <https://www.ctc-n.org/afcica>

16. The coordination proposal submitted by UNEP-CTCN has since been approved (Decision B.43/18). The proposal aims to enhance the scale up of the AFCIA programme through the coordination of its implementing entities and its monitoring and learning activities. It is structured three components:

1. Coordination, management and monitoring services to support programme implementation and performance;
2. Systems of innovations created to support the development and improvement and scale up of innovative adaptation practices, tools, and technologies; and
3. Communication and Knowledge Management services for increased dissemination and adoption of successful adaptation innovations and technologies globally.

17. At this time, the Adaptation Fund is seeking Expressions of Interest (EOI) from its Multilateral and Regional Implementing Entities to join the AFCIA Programme through applying for funding to administer small grants to recipient entities (whether accredited or not accredited with the Fund) in developing countries in support of innovation.

AFCIA Programmes (as of May 2025)

PROGRAMME STATUS	IMPLEMENTING ENTITY	AMOUNT	DESCRIPTION
Under Implementation	UNDP	\$5M	Tailored technical, business, incubation & acceleration support for competitively sourced innovations. 44 grantees (as of 2024), 2 calls
	UNEP-CTCN	\$5M	Phase I – Micro-grants for development and diffusion of innovative adaptation practices, tools, & technologies, 25 grantees (as of 2024), 3 calls
	UNEP-CTCN	\$10M	Phase II – Target: Non-Annex1 countries. The project includes 1) TA to 40 technologies, 2) Additional TA to scale up, and 3) Further assistance to strengthen NSIs
	WFP	\$10M	Support startups in developing countries with acceleration programs and grants
Proposal Approved	UNIDO	\$10M	Support SMEs in developing countries with incubation/acceleration programs and grants
	UNEP-CTCN	\$2.6M	AFCIA Coordination Proposal to develop synergies among partners
Invited to submit proposal	SPC	\$5M	Not yet submitted
	SPREP	\$5M	Proposal submitted

Call for Expressions of Interest to Serve as MIE or RIE delivery partners of the Adaptation Fund Innovation Accelerator

18. The Adaptation Fund's mission is to support communities in developing countries that are vulnerable to climate change to adapt and become more resilient. In doing so, the Adaptation Fund abides by a number of principles which are reflected in the criteria employed in the routine programming of resources. These include prerequisites such as country, project, and implementing entity eligibility, and resource availability.

19. They also include criteria under the implementation arrangements, such as arrangements for project management, risk management, compliance with the Environmental and Social Policy and Gender Policy, budget and breakdown of costs, arrangements of monitoring and evaluation, disbursement, and milestone schedule, etc.

20. Through competitive grants of up to USD 250,000 each, the AFCIA program seeks to:

- Enhance access to adaptation finance for a wide range of innovation actors. (This can include, but is not limited to, the NIEs of the Fund.)
- Foster new opportunities and modalities that create space for innovation and risk-taking
- Support capacity-building and innovation readiness by enhancing awareness and capabilities among countries and innovation ecosystem stakeholders
- Facilitate knowledge generation and dissemination on innovative adaptation practices

21. The MIE or RIE wishing to submit an EOI should be ready to facilitate a technical review process and all associated activities (such as technical assistance and innovation-specific ancillary support), including communications, in close consultation with the Adaptation Fund, and to develop a mechanism for capturing and disseminating the knowledge generated through the micro-grant-funded actions in a cost-effective way (for example, preferably using existing mechanisms, platforms, and/or networks.)

22. The interested entities are invited to submit an EOI in the form of a brief proposal, similar to a preconcept, that will describe the programming model, including the provisional review criteria, and process that would apply to the program as a whole.

23. The proposal should describe how the IE would be able to support to a-d Expected Results (ERs) for innovation. Specifically, the proposal should describe how new innovations (including risk-taking) will be encouraged and accelerated; how pathways will be created to ensure successful innovations will be replicated and scaled up; how access and capacities for designing and implementing innovation will be enhanced and how evidence base will be generated and shared (in linkage with the "learning and sharing" pillar).

24. In addition, in line with the results delivery model as per MTS-II, IEs should describe how the programme will:

Foster Inclusive Participation

- Promote inclusive and lasting engagement of diverse stakeholders, prioritizing Locally Led Adaptation where applicable, and ensuring active involvement of groups traditionally excluded from decision-making processes—such as women, youth, persons with disabilities, Indigenous Peoples, civil society organizations, researchers, and private sector actors.
- Promote demand-driven innovations that are rooted in the lived experiences of target groups—such as women, youth, children, persons with disabilities, displaced people, Indigenous Peoples, and marginalized communities—by ensuring their meaningful participation in the co-creation, co-design, or leadership of solutions. This focus on end-user involvement complements engagement with innovation suppliers (e.g., researchers, private sector) by ensuring that solutions are not only technically sound but also locally relevant and inclusive.
- Establish and operationalize multi-stakeholder partnerships that promote cocreation, collaboration, and shared ownership of innovative adaptation solutions across the project cycle.

Support Innovation and Responsible Risk-Taking

- Create enabling conditions and institutional space for experimentation, piloting, and adaptive management in adaptation programming, with a clear rationale for responsible risk-taking.
- Encourage and support the development of novel, locally tailored solutions that address specific climate risks and adaptation challenges, especially those identified through locally led participatory processes.

Strengthen Capacity and Innovation Readiness

- Build awareness, institutional capacity, and innovation literacy among stakeholders in the adaptation ecosystem, including governments, community-based organizations, and non-traditional actors.
- Foster the development of innovations that build the adaptive capacity of local institutions and communities, enabling them to better understand climate risks and uncertainties, co-generate context-specific solutions, and effectively facilitate and manage adaptation initiatives. Empower target groups, including youth and women, through technical assistance, mentorship, and resources to design, test, and implement innovative adaptation approaches and business models.

Enhance Learning and Knowledge Sharing

- Demonstrate local innovation participation and/or local innovation benefit for longterm adaptation to climate change
- Promote a culture of active learning and adaptive management by facilitating knowledge exchange, peer-to-peer learning, and South-South cooperation across geographies and sectors.
- Ensure insights, results, and lessons learned are systematically documented, synthesized, and disseminated across relevant platforms to inform policy, practice, and future innovation.

Align with the UNFCCC Technology Framework

- Demonstrate how the programme aligns with the five pillars of the UNFCCC Technology Framework—innovation, implementation, enabling environment, capacity-building, and collaboration.
- Articulate how proposed activities complement and build on national processes such as Technology Needs Assessments (TNAs), Technology Action Plans (TAPs), and other adaptation-related national priorities and roadmaps.
- Showcase how the programme promotes the piloting, refinement, and diffusion of adaptation technologies and practices in a manner that is inclusive, evidence-based, and scalable.

Catalyze New Partnerships and Synergies

- Outline strategies to build and sustain partnerships with national and sub-national institutions, private sector actors, research bodies, civil society organizations, and international institutions to foster co-development, replication and scaling up of innovative adaptation solutions.
- Explain how the programme will contribute to strengthening enabling environments, including through policy alignment, institutional collaboration, and enhanced access to knowledge-sharing platforms and technical networks.

Scope of the call

25. Selected Implementing Entities will be responsible for:
- Managing a small grants innovation programme (final amount subject to Board approval).
 - Awarding grants through competitive, transparent, and inclusive selection processes.
 - Providing or facilitating technical support to applicants across the grant lifecycle.
 - Capturing, evaluating, and disseminating knowledge and lessons learned.

- Promoting inclusive, multi-stakeholder engagement, including youth, women, persons with disabilities, Indigenous Peoples, civil society, researchers, and the private sector.

Provisional Criteria

26. The individual proposals from IEs may have a regional and/or thematic focus, however the AFCIA partnership of programmes as a whole should continue to have a global reach, so as to maximize access to all developing countries eligible for support under the Adaptation Fund. The EOI should include a description of:

- (i) **Alignment with the Adaptation Fund’s Vision on Innovation:** Demonstrate how the proposal aligns with the vision and definition for innovation as adopted by the Adaptation Fund Board in document [AFB/B.36/8](#);
- (ii) **Implementation Modality and Innovation Approach:** Describe the proposed implementation modality or modalities, highlighting the comparative advantages of the implementing entity. Explain the approach for identifying innovative adaptation solutions, supporting innovators, replication and scaling up successful innovations;
- (iii) **Proposed review process or processes:** Outline the review process or processes that will be employed to assess and refine project proposals under the proposed modality;
- (iv) **Learning and Knowledge Sharing:** Present the learning-and-sharing mechanism in line with the Medium-Term Strategy’s (MTS) pillar on knowledge and the Review Criteria for Innovation Proposals, as outlined in document PPRC.27/28;
- (v) **Fostering an Adaptation Innovation Ecosystem:** Describe how the proposal contributes to building or strengthening an innovation ecosystem at regional and/or global level, including mechanisms to engage diverse stakeholders and sustain innovation pathways.
- (vi) **Contribution to the AFCIA partnership and complementarity with ongoing efforts:** Highlight how the proposed project fills a gap, offers unique insights, or reinforces ongoing efforts—especially in light of the coordination mechanism for the AFCIA partnership now in place.
- (vii) **Administration cost and provisional budget:** Provide a breakdown of the administrative cost or management fee, along with a provisional budget. This should include allocations for coordination, support to National Implementing Entities (NIEs) where relevant, and other relevant functions.
- (viii) **Thematic focus:** Proposals may focus on a wide range of themes, provided they are clearly aligned with the Fund’s mandate to support innovative approaches to climate change adaptation. Innovation may be pursued across any sector relevant to climate resilience, particularly those that contribute to achieving the Global Goals on Adaptation. The Fund remains open to supporting innovative adaptation interventions in any thematic area deemed relevant by the proponent, as long as the proposal demonstrates clear climate adaptation rationale, addresses specific adaptation challenges, and aligns with

national priorities. Proposals combining various form of innovation – such as technological, financial, institutional, or social innovation – are also welcome, particularly where such integration contributes to optimal adaptation solutions.

Considerations

27. Subject to the decision of the Board, IEs are invited to propose programmes , with the final amount to be determined by the Board.

28. The EOIs should be submitted to the AFB Secretariat no later than that cutoff date of 11:59 pm EST, August 10, 2025. Subsequent to the receipt of the EOIs, the Adaptation Fund Board would deliberate and decide which IEs would be invited to submit a fully-developed proposal for consideration of the Board. The Board will also determine the level of resources to be made available for the programme/s selected.

29. The fully-developed proposals will be tentatively expected to be considered for approval at the forty-sixth meeting of the Board in April 2026.

Timeline

Activities

Timeline

Launch of Call for EOIs	June, 2025
Deadline for EOI Submission	August 10, 2025
Review	June-August 2025
Adaptation Fund Board Meeting	October 2025

Submission Instructions

Expressions of Interest must be submitted via email to the Adaptation Fund Board Secretariat at: Submissions@adaptation-fund.org and copy sdobardzic@adaptation-fund.org, agomes3@adaptation-fund.org and nuozawa@adaptation-fund.org

Subject:

Second Round EOI Submission – AFCIA Small Grant Aggregator (Insert Your Entities Name)

Format:

- [Pre-concept proposal format](#)

Application to Adaptation Fund Climate Innovation Accelerator (AFCIA)



ADAPTATION FUND

PROGRAMME ON INNOVATION: AFCIA PROGRAMMES

REQUEST FOR PROJECT FUNDING FROM THE ADAPTATION FUND

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

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 must be fully prepared when the request is submitted.

Complete documentation should be sent to:

The Adaptation Fund Board Secretariat
1818 H Street NW
MSN N7-700
Washington, D.C., 20433
U.S.A
Fax: +1 (202) 522-3240/5
Email: afbsec@adaptation-fund.org



ADAPTATION FUND

PRE-CONCEPT FOR A REGIONAL INNOVATION PROGRAMME**PART I: PROJECT/PROGRAMME INFORMATION**

Programme Title:	Agroclimatic Innovation Accelerator for Adaptation through Science-Community Partnerships in LAC
Geographic Scope (Multi/Regional):	CAF member countries in Latin America and the Caribbean ¹
Thematic Focal Area:	Innovation in adaptation finance; agricultural resilience; climate risk management
Thematic Focal Area:	Innovation in adaptation finance
Type of Implementing Entity:	Regional Implementing Entity
Implementing Entity:	CAF Development Bank of Latin America and the Caribbean
Executing Entities:	FONTAGRO - IICA
Amount of Financing Requested:	USD 8,000,000.00 (four years)

Programme Background and Context:**Climate Context**

1. The Sixth Assessment Report of the IPCC (AR6, 2023)² and the report 'State of the Climate in Latin America and the Caribbean 2024' by the WMO (2025)³ confirm that the Latin America and the Caribbean (LAC) region is highly exposed and vulnerable to climate change, with impacts that are already being manifested in multiple natural and human systems. Among the main identified risks are tropical cyclones, floods, droughts, and heatwaves, all of which have potential impacts on health, livelihoods, the economy, the environment, and the availability of natural resources. In particular, the growing impact of precipitation variability and extreme temperatures is highlighted, directly affecting agricultural production and compromising food security. The study 'Climate Change Vulnerability and Adaptation Index in Latin America and the Caribbean,' conducted by CAF in 2014⁴, highlights the severe consequences that the region could face due to climate change. Given that the region's climate has already begun to experience variations, more significant climate changes are expected in the coming decades. These risks are projected to intensify and become even more serious threats, especially for rural livelihoods, small and medium primary producers, and Indigenous peoples in mountainous areas. The expected effects include a reduction in agricultural and livestock production, loss of arable land, and decreased water availability, severely disrupting supply chains and significantly affecting food availability, income, and the stability of rural livelihoods.

¹These include the 21 Latin American and Caribbean (LAC) member countries of CAF to date — Argentina, Bolivia, Brazil, Chile, Paraguay, Uruguay, Costa Rica, El Salvador, Mexico, Honduras, Colombia, Ecuador, Panama, Peru, Venezuela, Antigua and Barbuda, Bahamas, Barbados, Jamaica, Dominican Republic, and Trinidad and Tobago — with the possibility of additional members joining in the future

²IPCC, 2023: Summary for Policymakers. In: Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, H. Lee and J. Romero (eds.)]. IPCC, Geneva, Switzerland, pp. 1-34, Doi: 10.59327/IPCC/AR6-9789291691647.001

³ World Meteorological Organization (WMO), 2025. Estado del clima en América Latina y el Caribe 2024 OMM-N° 1367

⁴ CAF. (2014). Índice de vulnerabilidad y adaptación al cambio climático en la región de América Latina y el Caribe. Caracas: CAF. Available at: <https://scioteca.caf.com/handle/123456789/517>

2. Agriculture, livestock, forestry, and fishing, which are activities extremely sensitive to climate, represent 7% of the regional GDP and 14% of employment (2019 data)⁵. According to FAO (2016)⁶, between 2003 and 2013, the primary sector in the region absorbed 16% of the losses and damage caused by natural disasters. Of this total, 6% corresponded to damages in physical assets, while 23% was related to production losses and direct impacts on livelihoods. Within the sector, crops accounted for 71% of the impacts, followed by forests (13%), livestock (10%), and fishing (6%). Floods were responsible for 55% of these losses, followed by droughts (27%) and storms (10%). On average, sector growth was reduced by 2.7% annually due to climate disasters during this period.
3. Between 2005 and 2015, the FAO (2018)⁷ estimates that over 22 million dollars were lost in the region due to decreased agricultural and livestock production attributed to extreme climate events, with droughts being the costliest, accounting for an estimated 13 million dollars in losses.
4. The WMO (2025)⁸ highlights that in 2024, in Central America and the Caribbean, abnormally high temperatures increased the incidence of pests and diseases, which multiplied costs for farmers with limited investment capacity. This was compounded by water shortages for irrigation, due to irregular rainfall associated with the El Niño phenomenon, followed by intense rainfall that delayed planting dates, reduced incomes, and increased losses from floods and landslides. Additionally, hurricanes Beryl, Oscar, and Rafael caused significant damage to both producers and the food supply. In South America, droughts and wildfires severely impacted crops, pastures, forests, and fishing communities, affecting dairy production, and delaying the planting of various crops. At the same time, other countries in the region experienced river floods that led to major losses in crops, livestock, and fishing. The El Niño phenomenon also affected marine fishing in 11 of the 19 main fishing areas identified by the FAO. The impacts were both negative and positive, varying by geographic areas, target species, and types of fishing or aquaculture.
5. For their part, Ortiz-Bobea et al. (2021)⁹ estimate that agricultural productivity in LAC has decreased by 25.9% since 1961 due to climate change.
6. A study by the IDB (2020)¹⁰ projects that by 2050, regional agricultural production could decrease by 7.5 percentage points (pp), the planted area by 1.2 pp, and production by 5.2 pp, compared to a scenario without climate change. These projections would result in higher prices, trade deficits in the food market, and a decline below the critical ratio between food supply and demand.
7. In 2023, 28.2% of the population in the region (187.6 million people) suffered from moderate or severe food insecurity. This regional prevalence was below the global estimate; however, the figure rises to 58.8% in the Caribbean¹¹. Severe food insecurity affected 8.7% of the population in the region (58.1 million people), and in the Caribbean, the prevalence was 28.6% (12.8 million people). Although significant progress was made in reducing the prevalence of moderate or severe food insecurity—which decreased for the second consecutive year—significant inequalities persist, with marked differences between subregions and population subgroups. The gender gap in moderate or severe food insecurity in LAC was 5.2 percentage points (pp) in 2023, compared to a gap of 1.3 pp globally. Additionally, this form of food insecurity was 6.2 pp higher in rural areas than in urban areas of the

⁵ De Miguel, Carlos J.; Lorenzo, Santiago; Alatorre, José Eduardo; Gómez, José Javier; Ferrer, Jimmy; Rezza, Lucía; Fernández Sepúlveda, Ignacio. Necesidades de financiamiento y objetivos climáticos en América Latina y el Caribe. CEPAL 2024.

⁶FAO, América Latina y el Caribe busca reducir el riesgo de desastres en la agricultura y la seguridad alimentaria. 2016. Disponible en: <https://www.fao.org/guatemala/noticias/detail-events/ar/cj418144/>

⁷ FAO, "The impact of disasters and crises on agriculture and food security." 2018. Disponible en: <https://openknowledge.fao.org/server/api/core/bitstreams/0f03a24f-8d37-4700-aef4-fc436ff32021/content>

⁸ World Meteorological Organization (WMO), 2025. Estado del clima en América Latina y el Caribe 2024 OMM-N° 1367

⁹ Ortiz-Bobea, A., Ault, T.R., Carrillo, C.M. et al. Anthropogenic climate change has slowed global agricultural productivity growth. *Nat. Clim. Chang.* 11, 306–312 (2021). <https://doi.org/10.1038/s41558-021-01000-1>

¹⁰ Prager SD; Rios AR; Schiek B; Almeida JS; González CE; 2020. Climate change vulnerability and economic impacts in the agricultural sector in Latin America and the Caribbean. IDB Technical Note IDB-TN-01915. Inter-American Development Bank (IDB); International Center for Tropical Agriculture (CIAT). Cali, Colombia.

¹¹ FAO, FIDA, OPS, PMA y UNICEF. 2025. América Latina y el Caribe. Panorama regional de la seguridad alimentaria y la nutrición 2024: Fomentando la resiliencia frente a la variabilidad del clima y los eventos extremos para la seguridad alimentaria y la nutrición. Santiago. <https://doi.org/10.4060/cd3877es>

region. In 2022, LAC recorded the highest average cost in the world for a healthy diet, estimated at USD 4.56 in purchasing power parity (PPP) per person per day. The Caribbean was the subregion with the highest cost within the region, at USD 5.16 PPP per person per day.¹²

8. In this context of reduced agricultural productivity, disruptions in supply chains, rising food prices, and lower access to healthy diets, ensuring food security and the stability of rural livelihoods will require sustainably increasing agricultural production, not only by boosting productivity but also by protecting and regenerating key ecosystem services essential for the sector's resilience.
9. Considering these challenges, the Adaptation Fund's AFCIA programme represents a strategic opportunity to support innovative, locally driven solutions that enhance the adaptive capacity of productive sectors to climate change. Its approach aligns closely with CAF's Agricultural Prosperity Strategy¹³, which prioritizes sustainable productivity, climate resilience, and improved rural well-being across its member countries, providing a regional framework to guide investment, innovation, and adaptation actions in the agricultural sector.

Innovation for agricultural resilience in LAC

10. The IDB report 'Unleashing Innovation: Assessment of the Role of Agricultural R&D in Latin America and the Caribbean' (2023)¹⁴ states that, despite the proven high returns of agricultural R&D (research and development) and innovation, countries in the region continue to lag behind in allocating adequate resources to this strategic sector. The region has low agricultural innovation capacity, with an average score of 0.35 on the Innovation Capacity Index (ICI). This index measures both the supply (scientific and technological infrastructure) and the demand (adoption of knowledge in the sector). Regional inequality is high: while countries like Chile exceed the average due to their institutional quality and human capital, others like Argentina and Brazil, despite their investment, show gaps in innovation policy.
11. The report concludes that the historical underinvestment in agricultural R&D and innovation, especially in smaller countries or those with low institutional capacity, limits the response to increasing climate risks. Additionally, the role of the private sector remains nascent in most countries; public agencies and international cooperation continue to be the main sources of innovation.
12. The report's recommendations include the integration of research institutions into national science, technology, and innovation systems aligned with agri-food value chains; the strengthening of human and institutional capacities; the promotion of regional partnerships; and the establishment of more flexible and sustainable financing systems.
13. In its first phase, the AFCIA program, implemented by UNEP, financed four incubators in the Bahamas, Ecuador, Suriname, and Guatemala, and two technological accelerators in Honduras and Saint Kitts and Nevis. While three of these projects included components related to agriculture and food security, the greatest emphasis was placed on other key areas for climate adaptation: five projects addressed disaster risk reduction, four focused on water management, and three worked with climate data.¹⁵
14. Some initiatives related to innovation and adaptation for the agricultural sector being promoted in the region include those of FONTAGRO, which annually launches open and competitive calls to co-finance innovation networks with a multi-country LAC, multi-actor, and multidisciplinary approach. These initiatives address the major challenges of agri-food systems in Latin America and the

¹² FAO, 2025. AMÉRICA LATINA Y EL CARIBE. Panorama regional de la seguridad alimentaria y la nutrición. Disponible en: <https://openknowledge.fao.org/server/api/core/bitstreams/0556ea9c-65bb-46e9-aa6b-39fdeb8afbe7/content/cd3877en.html>

¹³ CAF, 2025. Prosperidad Agropecuaria. La nueva estrategia de CAF para la producción agropecuaria sostenible, resiliente y regenerativa, que contribuya a la seguridad alimentaria y nutricional, en América Latina y el Caribe, una región de soluciones para los desafíos globales.

¹⁴ BID, 2023. Desatando la innovación: Evaluación del papel de la I+D agropecuaria en América Latina y el Caribe / Alejandro Nin-Pratt, Gert-Jan Stads, Luis de los Santos, Gonzalo Muñoz.

¹⁵ Disponible en:

<https://app.powerbi.com/view?r=eyJrIjojMjg3MjZkNjE2MwZS00YzgzLTg0YTMTtMTNjZWJjNmQzN2JlIiwidCI6IjBmOWUzNWRiLTU0NGYtNGY2MC1iZGNjLTViYTQxNmU2ZGM3MCIslmMiOjh9>

Caribbean, generating solutions with regional impact and global projection. Another interesting initiative is the SCALA project, 'Climate Ambition to Improve Land Use and Agriculture,' by UNDP, which responds to the urgent need to increase measures to address the impacts of climate change in the agriculture and land use sectors.

15. These programmes highlight the urgent need to increase investment in agricultural innovation to enhance resilience and food security in LAC, as current funding levels remain insufficient to address growing climate risks.

Barriers to Agricultural Sector Adaptation in LAC

16. According to the IPCC (2022)¹⁶, the main barriers faced by agricultural producers in LAC for climate change adaptation are related to the lack of financing and gaps in access to site-specific adaptation knowledge and training. Climate change requires advancing initiatives to improve education, technology, and innovation in agricultural systems in the region.
17. In this regard, CAF's Agricultural Prosperity Strategy (2025)¹⁷ identifies a set of structural barriers that limit both climate adaptation and innovation in the agricultural sector of LAC:
 - **Financial Barriers:** Investment in infrastructure, science, and technology remains insufficient in the region. For example, LAC accounts for only 2% of global R&D investment, well below North America and Europe (51%) or Asia (39%). In most countries, except Brazil, investment in science and technology does not exceed 1% of GDP. In addition, the limited availability of innovative and flexible financial instruments restricts access for small producers and vulnerable value chains to climate and technological financing mechanisms.
 - **Institutional Barriers:** There is limited capacity in many national and regional entities to design, finance, and scale climate innovation projects, particularly those aimed at small producers. The strategy underscores the need to strengthen institutions and their capacity for multisectoral coordination, especially in relation to climate change, agricultural development, and digital and physical infrastructure.
 - **Social and Operational Barriers:** Despite promoting greater equity in access to innovation and the bioeconomy, it is recognized that, without complementary support—such as technical assistance, digital training, and agricultural education—many producers will not be able to fully benefit from new technologies.
 - **Technological and Knowledge Barriers:** Without parallel strengthening of technical assistance and locally adapted digital platforms, the mere availability of technologies does not guarantee their adoption among small and medium producers.
18. In addition, the Strategy identifies nine main challenges for the agricultural sector in the region: the need for policies that comprehensively address structural inequality and the vulnerability of territories and communities; the need for a transition towards low-emission, climate-resilient production processes; insufficient investment levels in infrastructure and technological innovation; the need to strengthen capacity in sectoral institutions, among others.

¹⁶ IPCC, 2022: Climate Change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [H.-O. Pörtner, D.C. Roberts, M. Tignor, E.S. Poloczanska, K. Mintenbeck, A. Alegría, M. Craig, S. Langsdorf, S. Löschke, V. Möller, A. Okem, B. Rama (eds.)]. Cambridge University Press. Cambridge University Press, Cambridge, UK and New York, NY, USA, 3056 pp., doi:10.1017/9781009325844.

¹⁷ CAF, 2025. Prosperidad Agropecuaria. La nueva estrategia de CAF para la producción agropecuaria sostenible, resiliente y regenerativa, que contribuya a la seguridad alimentaria y nutricional, en América Latina y el Caribe, una región de soluciones para los desafíos globales. Link: <https://scioteca.caf.com/handle/123456789/2416>

Figure 1. Main challenges of the agricultural sector according to CAF's Agricultural Prosperity Strategy (2025)

MAIN CHALLENGES OF THE AGRICULTURAL SECTOR

Need for policies that comprehensively address structural inequality and the vulnerability of territories and communities	Growing demand for food in a context of rapid urbanization and new healthy consumption patterns	Urgent need for a transition toward low-emission and climate-resilient production processes	Deficiencies in the management of ecosystems and biodiversity, which limit their capacity to provide supply and provisioning services	Significant losses and waste in food production and distribution
Insufficient levels of public and private investment in infrastructure, technological innovation, and other enabling public goods	Lack of access to markets and integration into value chains	Need to strengthen capacities within sectoral institutions	Opportunity to boost productive development based on nature and knowledge	

19. It is worth highlighting that, in its strategy, CAF incorporates sustainable finance diversification and innovation as a key pillar, opening the possibility to explore non-traditional financial protection solutions, a pending need in several LAC countries to reduce the exposure of small and medium-sized producers to losses from climate events.
20. These structural barriers not only restrict the sector's adaptation capacity but also hinder progress towards a sustainable transformation that ensures food security, social inclusion, and environmental resilience.

Institutional Responses and Regional Commitments

21. The CAF 2023 Economy and Development Report (RED), 'Global Challenges, Regional Solutions: Latin America and the Caribbean Facing the Climate and Biodiversity Crisis,' emphasizes three key messages for all countries: the importance of adaptation, the need to contribute to global mitigation, and the urgency of preserving natural capital as a key factor in the development process. It also highlights that policies to address these challenges may vary according to the diversity of resources and risks in each country, with potential tensions between opposing objectives and synergies that must be leveraged.
22. The financing needs to achieve development, climate, and biodiversity preservation goals are 0.28% of the region's annual GDP by 2030¹⁸. Therefore, CAF has committed to increasing green financing to a minimum of 40% of its financial approvals by 2026 and to being one of the most active institutions in the region in mobilizing resources from major green funds and international partners.
23. Within the framework of the [Adaptation Fund](#), CAF has implemented projects in Chile, Ecuador, Peru, Argentina, and Uruguay. These interventions have successfully involved local governments from the earliest stages of the process, allowing them to define, prioritize, design, and directly implement adaptation actions. With other climate funds such as the [GCF](#), CAF is currently implementing climate change adaptation projects in the agricultural sector, such as the project: 'Climate-Smart Initiatives for Climate Change Adaptation and Sustainability in Agricultural Production Systems – CSICAP' in Colombia, or the program 'Climate Change: The New Evolutionary Challenge for the Galápagos Archipelago' in Ecuador.
24. These initiatives, along with others approved or currently underway with the support of international funds such as the GEF, have significantly contributed to strengthening institutional capacities,

¹⁸ De Miguel, Carlos J.; Lorenzo, Santiago; Alatorre, José Eduardo; Gómez, José Javier; Ferrer, Jimmy; Rezza, Lucía; Fernández Sepúlveda, Ignacio. Necesidades de financiamiento y objetivos climáticos en América Latina y el Caribe. CEPAL 2024.

enabling sustained management of long-term adaptation projects, and consolidating their experience in the design and implementation of measures aimed at the agricultural sector.

25. Nature-based economies, including both food and non-food agricultural products, are emerging as a key opportunity for the sustainable development of the region and the world. It is estimated that this market will reach USD 7.7 billion globally by 2030 (Lesenfans et al., 2024).
26. The sustainable transformation of the agricultural sector in the region requires innovative policies focused on climate change mitigation and adaptation, biodiversity preservation, and strengthening productivity with social equity and the inclusion of Indigenous and Afro-descendant peoples.
27. The report 'Situation and Prospects of the Agricultural Sector in LAC 2023-2024' (ECLAC, FAO, IICA, 2023) underscores the importance of regional cooperation to face these challenges and transform agri-food systems into more resilient and sustainable models. This requires policies that improve food security, promote innovation, and strengthen resilience to current and future challenges

Programme Objectives and Strategy:

28. CAF's 'Agroclimatic Innovation Accelerator for Adaptation through Science-Community Partnerships in LAC' program aims to strengthen the climate resilience of agricultural, forestry, and fisheries systems in Latin America and the Caribbean, through the design, validation, and scaling of innovative adaptation solutions developed and implemented by small and medium local producers in vulnerable rural contexts.
29. The aim is to overcome the most critical barriers to adaptation and climate risk management in the LAC region, based on the premise that **IF** the capacities are strengthened and specific financial support is provided to innovative public ventures for the climate adaptation of small and medium producers and associative mechanisms in the agricultural, fishing, forestry, and related sectors, and IF pilot projects are implemented to generate evidence on the effectiveness of adaptive solutions, and new windows are developed to scale up financing for innovative adaptation projects, **THEN** the producers in this sector in LAC will accelerate and improve their climate resilience and increase their adaptation capacity to current and future climate threats. This will be possible **BECAUSE** they will have better knowledge, evidence and availability of the results of innovations for practical adaptation, will have quicker access to financing for adaptive investment, will adopt more resilient innovative technologies and production practices, will be able to adopt and disseminate lessons learned on innovative adaptation practices, will better understand climate risks, and will make their results and lessons available to other stakeholders.
30. Through CAF's AFCIA innovation accelerator, which will provide technical assistance at all stages, technical and financial support for the development of innovative ideas, implementation of pilot tests, and financing of the best innovative projects based on their scalability and replicability, the following specific objectives are sought:
 - **Increase the resilience of the agricultural sector in LAC** in its productive practices through evidence-based innovative adaptive projects.
 - **Identify and technically strengthen developers of innovative ideas and local change agents** (public sector) to implement adaptation solutions, including promoting applied research, technical training, and the provision of equipment and innovative technology.
 - **Expand the information base and knowledge on innovation in climate adaptation.**
 - **Promote the connection and strengthen the ties of "Science-Community" societies.**
 - **Encourage adaptive financial mechanisms** that enable public institutions, innovation agencies, and producer organizations to plan and implement adaptation measures with a territorial, participatory, and inclusive approach, facilitating the scaling of solutions in rural and vulnerable contexts across the region.

Programme Components and Financing:

Project/Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (US\$)
1. Climate Innovation Accelerator for the Resilience of the Agricultural, Forestry, and Fisheries Sectors in LAC	Strengthened partnerships to innovate in climate adaptation. Academic institutions, local organizations, and actors from the agricultural, forestry, and fishing sectors collaborate to co-develop innovative solutions validated on the ground.	1.1.1 Science-Community Partnerships for Climate-Resilient Innovation in the Agricultural, Forestry, and Fisheries Sectors	CAF member countries in Latin America and the Caribbean.	1,720,000
	Validated innovations ready to scale and replicate in different contexts of the agricultural, forestry, and fishing sectors.	1.2.1 Innovation Accelerator for Climate Adaptation in the Agricultural, Forestry, and Fisheries Sectors	CAF member countries in Latin America and the Caribbean.	3,350,000
2. Capacity Building for Monitoring and Tracking, and Safeguards Compliance in Innovation Subprojects for Adaptation.	Implementers and incubators improve their capacities to monitor results and ensure compliance with environmental and social safeguards in climate innovation projects.	2.1.1 Technical Assistance and Capacity Building for Implementers and the AFCIA CAF Incubator	CAF member countries in Latin America and the Caribbean.	600,000
		2.1.2 Monitoring and Tracking of Project Progress	CAF member countries in Latin America and the Caribbean.	200,000
3. Awareness, Knowledge Management, and Dissemination of Results	- Regional climate innovation ecosystem strengthened through awareness, knowledge management, and strategic dissemination of results.	3.1.1 Awareness Raising and Capacity Building on Climate Change, Innovation, and Risk Management in the Agricultural, Forestry, and Fisheries Sectors	CAF member countries in Latin America and the Caribbean.	325,460

	- Knowledge exchange and fairs showcasing effective innovative experiences in the region - Systematization of cases and lessons learned from subsidized innovative projects. - Workshops and materials to generate and disseminate learning about innovation in the sector.	3.1.2 Knowledge Management and Learning	CAF member countries in Latin America and the Caribbean.	200,000
	- Preparation of dissemination materials for calls for proposals and communication of effective innovative practices in the sector.	3.1.3 Communication and Dissemination of Results	CAF member countries in Latin America and the Caribbean.	150,000
6. Project/Programme Execution cost				727,270
7. Total Project/Programme Cost				7,272,730
8. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable)				727,270
Amount of Financing Requested				8,000,000

Project Duration: 4 years

PART II: PROJECT / PROGRAMME JUSTIFICATION

31. The proposed programme is strongly aligned with the innovation vision adopted by the Board of the Adaptation Fund (document AFB/B.36/8) and with the expected objectives and outcomes of the AF's Mid-Term Strategy (MTS-II 2023–2027). Its design responds to the need to promote innovative, inclusive, and scalable solutions that strengthen the climate resilience of small rural producers in strategic sectors for food security and the sustainable development of the region.
32. In line with this vision, the programme adopts a definition of innovation consistent with that of the AF, understood as the creation, testing, deployment, or dissemination of new, adapted, or improved climate adaptation solutions, developed contextually and with the inclusion of communities most vulnerable to climate change, in order to enable these communities to become more resilient. This conception, like the proposed program, broadens the scope of innovation beyond the technological realm, also integrating institutional, social, and financial approaches, with a strong territorial anchoring and an inclusive focus. Through the Science-Community partnerships methodology, the programme extends the concept of innovation to the mode of access to funds, local anchorage, and evidence-based adaptation to climate change.
33. **Science-Community Partnerships** are initiatives that promote collaboration between scientific institutions and local communities — especially those most vulnerable to climate change — with the aim of co-creating adaptive solutions that are culturally relevant and evidence-based. This approach seeks to break with traditional, one-way knowledge generation models, integrating technical and traditional knowledge in a participatory process that strengthens territorial resilience.

34. The proposal aligns with the **AFCIA criteria** in the following way:

- **Implementation modality and innovative approach**

CAF proposes a **decentralized, multi-actor implementation modality**, based on its experience as a regional development entity and its capacity for coordination with public institutions, grassroots organizations, and knowledge centers. The programme identifies innovative solutions through open competitive calls for Science-Community partnerships, prioritizing proposals with high scalability potential, impact, and co-benefits. Technical assistance and personalized support will be provided for the development and strengthening of each partnership and project.

- **Proposed review process**

Each project proposal will be evaluated through a **technical and participatory process in two stages**: a pre-selection based on eligibility, relevance, and innovation potential criteria; and a detailed technical evaluation with a review of risks, safeguards, and scalability. Feedback mechanisms will be incorporated to improve the proposals, and periodic evaluations will be conducted to adjust the program's approach throughout the innovation development cycle.

- **Learning and knowledge exchange**

The programme will develop a **structured knowledge management mechanism (component 3)**, which will include the systematic documentation of learnings, the generation of applied knowledge products (cases, tools, reports), and exchange activities between innovators, communities, and local authorities. These actions will be aligned with **Expected Outcome 3 of the Knowledge Pillar** of MTS-II and coordinated with the global learning platform of the Adaptation Fund.

- **Promotion of an innovation ecosystem for adaptation**

The proposal will contribute to **strengthening a regional ecosystem** through the mapping and coordination of key actors, the creation of collaboration networks between projects, the visibility of successful solutions, and the strengthening of institutional and community capacities. Special attention will be given to the inclusion of women, youth, Indigenous peoples, and rural communities as key actors in innovation for adaptation.

- **Contribution to the AFCIA partnership and complementarity with ongoing efforts**

The programme fills a strategic gap by **strengthening and expanding AFCIA's regional presence in Latin America and the Caribbean**, providing a comprehensive vision focused on the agricultural, forestry, and fisheries sectors, with decentralized financing mechanisms and social innovation. It complements ongoing efforts by generating specific learnings about vulnerable territories and facilitating interaction between experiences funded through different AFCIA windows.

- **Thematic focus**

The programme focuses on sectors highly vulnerable to climate change — agriculture, forestry, and fisheries — which are essential for livelihoods, food sovereignty, and territorial resilience. The solutions promoted will combine different forms of innovation (technological, financial, institutional, and social) and will align with national adaptation priorities. Each project must demonstrate its climate justification, relevance for adaptation, and replicability potential. Additionally, the programme will promote risk transfer schemes as part of the innovative approaches, particularly through financial, institutional, or technological solutions that help reduce the vulnerability of small producers to extreme climate events. This will not only strengthen local resilience but also catalyze sustainable long-term climate risk management mechanisms.

35. Regarding the innovation objectives of MTS-II, the programme will particularly contribute to achieving Expected Outcome 1 of the Action Pillar: "The Fund has encouraged the development of innovative approaches for climate change adaptation," by financing at least 16 innovative subprojects with replication or scaling potential. It will also contribute to Expected Outcome 3 of the Knowledge Pillar: "The Fund has generated, managed, and shared knowledge on adaptation, including innovative approaches," through systematic activities of monitoring, systematization, and dissemination of lessons aimed at improving the effectiveness of interventions.

36. Through this integrated approach, the programme seeks to transform the structural conditions that limit innovation in adaptation in Latin America and the Caribbean and strengthen local capacities to face the impacts of climate change in a sustainable, fair, and effective manner.

Structure of the AFCIA CAF Programme

37. The following presents the general structure of the proposed programme, its expected products from the three components, and then the description of each.

Figure 2. Structure of the AFCIA CAF Programme



Component 1: Climate innovation accelerator for the resilience of the agricultural, forestry, and fisheries sectors in LAC

38. This component consists of 2 outputs. Output 1.1 is related to the initial phase of support for the development and testing of innovative ideas in Science-Community partnerships, with a responsible assumption of risks, and the strengthening of the capacities of public sector actors. A total of 20 projects will be incubated (1.1), focusing on capacity building and preparation for innovation. Output 1.2 is related to the acceleration phase of 16 successful innovative projects with the greatest potential for scalability and replicability.

Outcome 1.1. Strengthened Science-Community Partnerships to innovate in climate adaptation. Academic institutions, local organizations, and actors from the agricultural, forestry, and fisheries sectors collaborate to co-develop innovative solutions validated on the ground.

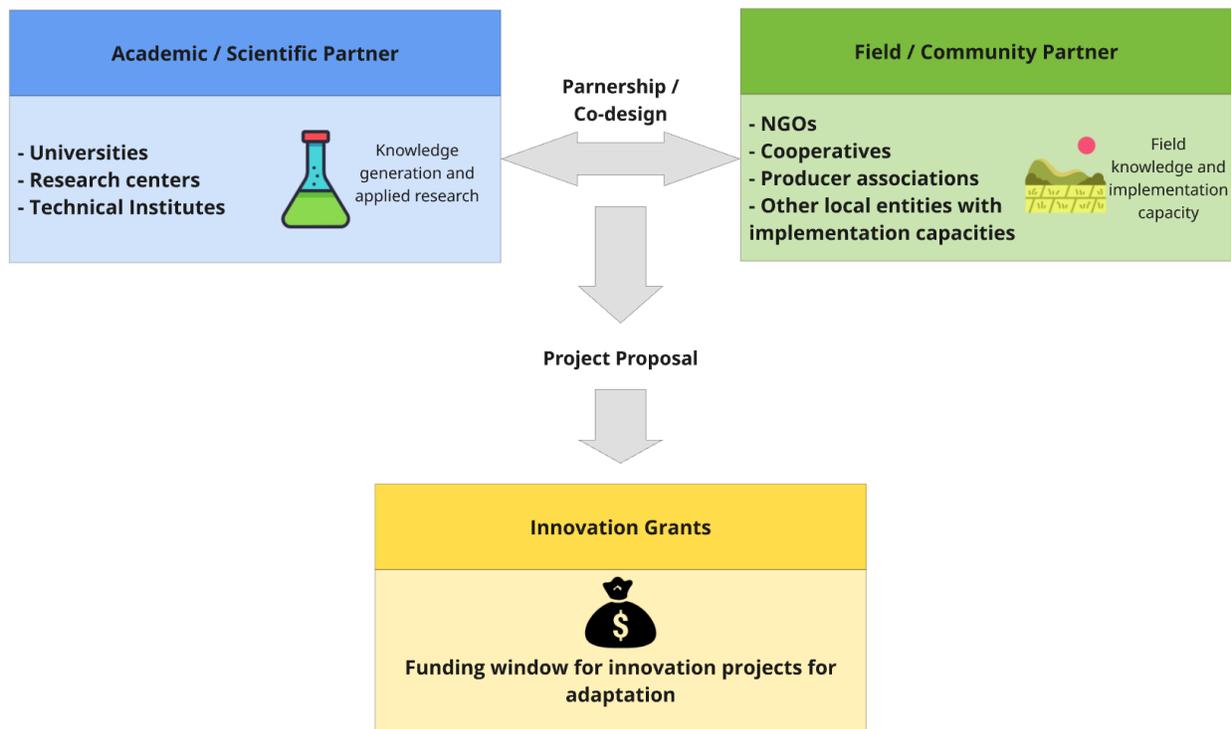
Output 1.1.1 Science-Community Partnerships for climate-resilient innovation in the agricultural, forestry, and fisheries sectors

39. This output includes grants for projects that drive climate innovation by combining **applied research with field implementation**. In this window, innovative project ideas can be submitted in the form of a partnership between:

- an academic partner or public institution (such as universities, research centers, or technical institutes); and
- a field partner, which can be an NGO, cooperative, producers' association, or another local entity with implementation capacity.

40. In this way, innovative projects that are in an advanced stage of development will be financed, combining the final development of the innovative idea with its validation on the ground through small-scale pilot testing of technologies or practices with a focus on climate adaptation. It is expected that this Science-Community or institutional-social partnership approach in the development of innovative ideas will contribute to optimal adaptation solutions. Through this window, launch workshops (or AFCIA dissemination meetings) will be held on the AFCIA grants line for institutions and sector associations that are potentially beneficiaries, prior to the launch of calls, and a total of **20 Science-Community partnership projects for innovation** will be supported, each ranging from 50,000 to 100,000 USD.

Figure 3. Science-Community Partnerships for climate-resilient innovation in the agricultural, forestry and fisheries sectors



Outcome 1.2. Validated innovations ready to scale and replicate in different contexts of the agricultural, forestry, and fisheries sectors.

Output 1.2.1 Innovation Accelerator for climate adaptation in the agricultural, forestry, and fisheries sectors

41. This output is aimed at **accelerating the innovative practices and technologies** resulting from Output 1.1 (Science-Community Partnerships) or from other initiatives that already have evidence of viability from their pilot phase and meet the programme's requirements.
42. The projects will be selected based on AFCIA criteria and their **potential for scalability and replicability**, with support provided in two acceleration stages:
 - 1) Assistance throughout the entire innovation acceleration cycle.
 - 2) technical support for the development of concept notes for selected high-potential projects to be presented to the AF.
43. The innovation accelerator will fund **approximately 16 innovation projects** (30% of the ideas incubated in Phase I) ranging from 100,000 to 250,000 USD each.

Component 2. Capacity building for monitoring, tracking, and safeguards compliance in innovation subprojects for adaptation.

Outcome 2.1 –Executors and incubators enhance their capacities to monitor results and safeguard compliance in climate innovation projects.

Output 2.1.1 Technical assistance and capacity building for implementers and the AFCIA CAF incubator

44. Technical support and capacity building for executors and incubators on the AFCIA programme, both during the design phase and throughout project implementation, including:
- training on innovation and adaptation criteria,
 - monitoring of results and indicators,
 - and specific training on relevant environmental and social safeguards, and gender for the projects.

Output 2.1.2 Monitoring and Tracking of Project Progress

45. Support to executors in monitoring their projects, including:
- recording evidence on the effectiveness of innovative adaptation actions (according to programme criteria),
 - monitoring fund usage,
 - and preparing follow-up reports for CAF, including key indicators.

Component 3: Awareness, Knowledge Management, and Dissemination of Results

46. This component aims to strengthen the climate innovation ecosystem in the agricultural, forestry, and fishing sectors in the 21 CAF member countries in LAC, through coordinated strategies of awareness-raising, knowledge exchange, and effective dissemination of results. It seeks to generate capacities, promote collective learning, and inform key stakeholders about validated climate adaptation solutions and risk transfer mechanisms that can be replicated in other regions.
47. The component is structured into three complementary outputs, covering everything from initial awareness-raising to the systematization of learnings and their strategic communication.

Outcome 3.1 –Regional climate innovation ecosystem strengthened through awareness-raising, knowledge management, and strategic dissemination of results.

Output 3.1.1 Awareness-raising and capacity building on climate change, innovation, and risk management in the agricultural, forestry, and fisheries sectors

48. This output aims to raise awareness among stakeholders in the agriculture, forestry, and fisheries sectors—including decision-makers, technical institutions, and territorial organizations—about the challenges posed by climate change and the importance of innovation and risk management. It is expected that awareness sessions and training processes will be developed to strengthen knowledge on climate change adaptation, risk transfer, and innovative tools applicable to the agriculture, forestry, and fisheries sectors.

Output 3.1.2 Knowledge Management and Learning

49. This output is focused on the production, organization, and circulation of knowledge generated from the innovative projects funded under the programme. Activities will include:
- processes for systematizing experiences and lessons learned from the supported projects/enterprises.
 - knowledge exchange spaces among stakeholders.
 - development of technical materials, documents on successful cases in the form of case studies or briefs, and compilations of best practices that contribute to expanding the evidence base on effective climate innovation.
50. These inputs will serve as tools for the formulation of future policies, scaling successful solutions, and the continuous training of key stakeholders.

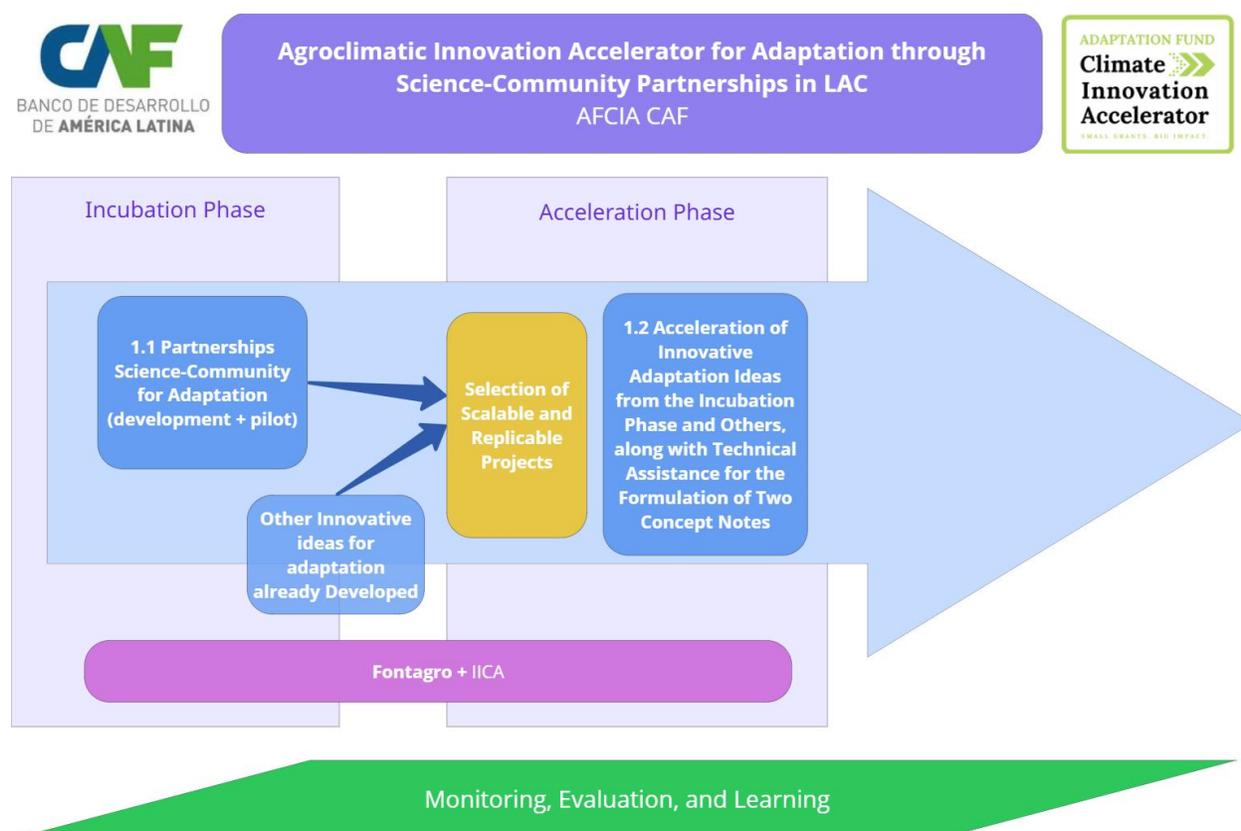
Output 3.1.3 Communication and dissemination of results

51. This output aims to position the achievements, learnings, and evidence generated through Components 1 and 2 by means of communication strategies targeting diverse audiences. Accessible and relevant materials will be developed to promote the adoption of innovative practices by producers, institutions, and other stakeholders in the sector. In addition, calls for proposals will be publicized, and the most representative success stories at the regional level will be highlighted, strengthening the public narrative around climate innovation as a tool for sustainable development. The creation of a dedicated section on the CAF website is proposed, where documents generated under this component can be viewed and downloaded, along with webinars/events held and other awareness-raising and training resources.

Mechanism for accessing financing.

52. Innovative project ideas under Component 1 will be received through calls for proposals targeted at the programme's intended beneficiaries. These calls will be launched simultaneously by the implementing entities, in coordination with innovative agencies and local organizations. Prior to the calls, and to ensure their success, outreach campaigns will be carried out to promote the programme and its benefits, as well as to provide the necessary technical support to effectively establish innovative Science-Community partnerships and ensure that the projects meet the programme's criteria for adaptation innovation and its environmental and social principles.
53. The implementation modality will be decentralized and multi-stakeholder, building on CAF's experience as a regional development entity and its capacity to coordinate with implementing entities, which in turn will work in collaboration with public institutions, grassroots organizations, and knowledge centers. The programme identifies innovative solutions through open competitive calls, prioritizing proposals with high potential for scalability, impact, and co-benefits. Technical assistance and tailored support will be provided for the development and strengthening of each project.
54. Each project proposal will be evaluated through a technical and participatory two-stage process: a pre-selection based on eligibility criteria, relevance, and innovation potential; and a detailed technical evaluation including risk review, safeguards, and scalability. Feedback mechanisms will be incorporated to improve proposals, and periodic evaluations will be conducted to adjust the programme's approach throughout the innovation development cycle.
55. In the formulation of the FPs, the selection methodology and the criteria that projects must meet to obtain the grants will be detailed.
56. The figure below shows that the pathway of innovative ideas for adaptation consists of two phases: Phase 1 – Incubator Phase and Phase 2 – Accelerator Phase.

Figure 4. 5Pathway of Innovative Ideas of Component 1, AFCIA CAF



57. The Incubator Phase corresponds to the Science-Community partnership stream (Output 1.1). It is estimated that out of a total of 20 projects entering incubation, at least 6 (a 30% target) will have the potential to enter the Innovation Accelerator (Output 1.2), and another 10 projects demonstrating viability will receive grants ranging from USD 100,000 to 250,000. Additionally, 2 of these 16 projects will be selected and technically supported based on their potential to develop Concept Notes to be submitted in their countries and potentially to the AF.
58. Monitoring, evaluation, and learning will be a cross-cutting element throughout all stages of the pathway for innovative ideas.
59. **Prioritization criteria (beneficiary population)** The project will directly benefit small and medium producers in the agricultural, forestry, and fisheries sectors who are vulnerable to climate change in LAC. Additionally, through knowledge management and dissemination of activities and results, the potential for replication of innovative technologies and practices in other countries and regions will be expanded, amplifying the effects. It will also directly benefit key actors operating in LAC by improving knowledge, climate information, and existing capacities to facilitate support for producers in the region to adapt their economic activities to the increasing impacts of climate change. These actors include local governments, research and development institutions, incubators and existing innovation agencies, local producer organizations, NGOs, producer cooperatives, and technical experts.
60. During the formulation of the full project, the prioritization criteria and mechanisms that guarantee access to benefits for vulnerable populations in LAC will be defined.

Learning and knowledge management

61. The project incorporates a robust knowledge management component (Component 3) and systematization of lessons learned, aligned with CAF's regional approach to driving innovation and productivity in the agricultural, forestry, and fisheries sectors. Recognizing that sustainable productivity growth requires not only financial and technical support but also the strategic generation and dissemination of knowledge, the project will promote an enabling environment for innovation and climate change adaptation through structured learning processes.
62. Within this framework, the project:
- **Will promote strategic Science-Community Partnerships:** research centers and innovation institutions at the local, national, and regional levels, with the aim of generating and disseminating knowledge about resilient and sustainable agricultural technologies that have proven successful.
 - **Will document and systematize experiences** arising during the implementation of innovations associated with the project grants, with a special focus on the effectiveness of sustainable production practices, risk transfer, financial services, technology adoption by producers, and their climate resilience. Additionally, factors that favor the scalability of these innovations will be identified, recognizing that adoption and replication require time and institutional support.
 - **Will produce knowledge outputs** (case studies in fact sheet or poster format, compilations of best practices, synthesis reports) based on the evidence gathered throughout the project cycle, contributing to closing knowledge gaps around climate-resilient agricultural innovation, supporting informed decision-making, and strengthening the replicability of measures.
 - **Will conduct comparative studies and economic analyses** on the return on investment in sustainable practices and technologies, aiming to inform the design of policies and scaling strategies. Studies on the efficiency of resource use in technical assistance will also be considered to guide investment decisions.
 - **Will promote peer learning and experience exchange** through platforms, workshops, and virtual spaces that connect participating actors with other key stakeholders in the region, facilitating the replication and adaptation of successful experiences.
63. The dissemination of learnings will prioritize the generation of practical inputs for decision-makers, agricultural producers, and private sector actors, with a special emphasis on innovation pathways that have proven to be effective and replicable.
64. Additionally, metrics will be established to monitor the use and impact of the knowledge products generated, including the number of systematized lessons learned, the reach of dissemination, and the participation of key stakeholders in exchange activities.

Stakeholder participation and consultation during project preparation

65. This EOI has been developed considering the lessons learned from the first phase of the AFCIA programmes and CAF's and the implementing entities' own experiences working in the agricultural, forestry, and fisheries sectors of LAC. The full proposal will be developed in consultation with key stakeholders: incubators, cooperatives, associations, and other producer organizations, service providers, and local sector organizations, and the results of these consultations will be directly reflected in the project design. A Stakeholder Engagement Plan will be developed, including a Key Stakeholder Map to involve key stakeholders such as incubators, producer organizations, local service provider chambers, including vulnerable groups from rural communities (women and diverse groups, youth), identifying their roles in relation to the project's specific outcomes. An initial workshop will be organized alongside a social communication plan, involving different actors and stakeholders, and a work plan will be established. The consultation process will be documented, including gender and diversity indicators.

Project Benefits

66. The programme will support the incubation of 20 projects and the acceleration of 16 innovative climate adaptation initiatives across CAF's partner countries in Latin America and the Caribbean. Through the identification, financing, and strengthening of locally led innovative solutions of context-specific innovative solutions, the programme will generate tangible and comprehensive benefits—economic,

social (including gender), and environmental—in the agricultural, forestry, and fisheries sectors. In addition to the direct beneficiaries of the innovation grants under Component 1, the activities under Components 2 and 3, focused on capacity building, partnerships, and knowledge management, will significantly expand the reach of results, enabling a broader range of stakeholders to access, adapt, and replicate the solutions developed.

67. Economic Benefits: By promoting and financing innovative and climate-resilient agricultural, forestry, and fisheries technologies and practices, producers will be able to reduce losses from extreme events, improve the productivity of their systems, and strengthen the stability of their incomes. The development of adaptive innovative ideas will help stimulate rural economies by generating new employment opportunities, strengthening local value chains, and improving the economic autonomy of producers, especially small- and medium-scale producers.
68. Social Benefits: The programme will provide technical training, institutional support, and practical knowledge generation, contributing to the empowerment of communities and local change agents. Improvements in productive efficiency and reductions in post-harvest losses due to extreme climate events will increase food security in the region.

Gender and Equity Considerations:

69. The participatory design of solutions will ensure that women, youth, and other traditionally marginalized groups participate from the identification stage through to project implementation, promoting their leadership and decision-making. By providing entrepreneurial opportunities for women, youth, and other vulnerable groups, the programme contributes to more equitable and socially inclusive economic growth, strengthening the leadership of these groups in local and national economies.
70. Environmental Benefits: The technologies and practices promoted will aim to restore soils, protect water sources, reduce pressure on natural ecosystems, and enhance productive biodiversity. By encouraging more sustainable production systems, the programme will contribute to reducing the ecological footprint of the agricultural, forestry, and fisheries sectors and strengthen the resilience of socio-environmental systems to climate change.

Cost-effectiveness of the project

71. The programme will be designed to maximize efficiency in the use of financial, human, and technical resources, ensuring high climate impact for every dollar invested through the AFCIA mechanism of the Adaptation Fund. Priority will be given to achieving concrete results in climate resilience, the technical sustainability of interventions, and a high cost-effectiveness ratio, aligned with the programme's strategic objectives.
72. The programme design will leverage existing assets developed by CAF and the Execution Entities, such as proven methodologies, tools, technical capacities, digital platforms, and innovation networks, reducing transaction costs and avoiding duplication of efforts. Drawing on its regional experience in promoting agricultural innovation, FONTAGRO will advise on the technical design of proposals, provide evaluation criteria, and facilitate knowledge exchange among countries, while contributing its track record in managing multinational projects and fostering public–private partnerships to generate synergies and optimize implementation.
73. CAF, as a regional entity with technical presence in LAC, will enable the identification, validation, and scaling of innovative adaptation solutions that address common climate challenges in the region. In this regard, the regional approach contributes to the programme's cost-effectiveness by allowing economies of scale, as coordinated implementation across countries reduces unit costs for the design, piloting, and adoption of adaptive technologies and practices in the agricultural, forestry, and fisheries sectors. It also enables the shared use of technical and financial resources, since CAF and the Implementing Entities will channel specialized knowledge, regional innovation networks, and digital platforms among countries, optimizing resource use and significantly reducing transaction costs. Coordinated actions in outreach, communication, knowledge exchange, and capacity building

will accelerate the learning curve by sharing experiences, avoiding duplication in innovation processes, and fostering synergies among countries with similar climate vulnerabilities. Regarding regional replicability and scalability, the solutions will be designed from the outset with high potential for adaptation to different agroecological and socioeconomic contexts of the member countries, which will increase investment efficiency and reduce the cost of adaptation per beneficiary.

74. Evidence from the IDB (2023) highlights that investments in agricultural research and innovation in Latin America and the Caribbean are essential to address the combined challenges of climate change, natural resource degradation, and productivity gaps. Technological progress in the sector is no longer limited to increasing production and reducing costs, but also focuses on improving quality, expanding harvesting opportunities, and optimizing product conservation and processing. By investing in innovative approaches, including those that enhance productivity, strengthen resilience, and reduce costs, the programme leverages a proven type of investment with high cost-effectiveness and strong potential to improve climate change adaptation.

CAF's Comparative Advantage

75. CAF has a strong track record as a strategic partner in the financing and implementation of sustainable development programmes in LAC. Its established technical presence in all 21 member countries and its comprehensive operational capacity—from project design to execution and monitoring—grant it a key role in the region. Accredited as a Regional Implementing Entity by the Adaptation Fund since March 2014, and by other international climate funds such as the Green Climate Fund (GCF), CAF has demonstrated robust fiduciary, environmental, and social capacities, positioning it as a suitable entity to channel climate finance toward innovative and transformative solutions.
76. CAF holds an AA credit rating and has developed strong governance through enabling agendas such as digital transformation, institutional strengthening, transparency, geographic consolidation, and the development of innovative financial instruments that support its regional operations.
77. In the field of sustainable finance, in 2024 CAF succeeded in converting 41% of its portfolio into green investments, with a consolidated portfolio of over USD 34 billion allocated to projects focused on ecosystem protection, resilient infrastructure, marine conservation, and climate adaptation and mitigation actions. That same year, USD 15.787 billion were approved for sustainable development in the region, of which USD 7.094 billion were directed toward strengthening the entrepreneurial ecosystem, improving access to finance for SMEs, and promoting sustainable investments.
78. CAF also launched the Sustainable Finance Framework, a strategy aimed at mobilizing capital toward sustainable development in LAC, aligned with the SDGs. In 2023, it approved USD 2.5 billion in sustainable projects, focusing on key sectors such as water and sanitation, education, and urban development. Additionally, 27% of its operations promoted environmental sustainability and 16% advanced social inclusion, reflecting its commitment to regional integration and innovation in the face of global challenges.
79. In the area of climate adaptation, CAF manages flagship projects in watersheds, coastal cities, and transboundary ecosystems, acting as an implementing entity for both the Adaptation Fund and the Green Climate Fund, with initiatives in countries such as Ecuador, Peru, Chile, Argentina, Trinidad and Tobago, and Uruguay. Its technical and institutional approach includes expertise in environmental and social safeguards aligned with the international standards of both entities.
80. Between 2014 and 2024, CAF allocated USD 1.808 billion in credit operations, equity investments, and technical cooperation to promote a more productive and sustainable agricultural sector. These actions included corporate loans, credit lines to financial institutions, and the management of international funds such as the GEF and the GCF, totaling USD 140 million. As a result, the incomes of at least 550,000 families and 210,000 agricultural producers in the region were improved. Efforts have promoted greater access to finance and the adoption of sustainable technologies, increased access to inputs, integration into value chains, and the implementation of climate-resilient practices such as efficient water use, seed genetic improvement, and producer certification. Lastly, CAF has

announced a USD 8.5 billion investment through 2030 to boost agricultural prosperity with a sustainable, resilient, and regenerative approach, consolidating its role as the region's leading financial driver of the sector.

81. In the field of innovation, incubation, and acceleration, CAF reaffirms its commitment to technological and business development by promoting innovation ecosystems focused on competitiveness and sustainability. Through support for startups, venture capital funds, and collaborative projects, it fosters the growth of high-impact strategic sectors.
82. CAF launched InNatureLab, together with LATIMPACTO and the Trafigura Foundation, a programme that promotes innovative solutions in bioeconomy through both financial and non-financial support. This open innovation and co-creation lab involves the participation of vulnerable local communities in strategic ecosystems, fostering sustainable development models. In partnership with the GCF, CAF implements the Green Climate Financing Facility for Local Financial Institutions in Latin-America (FP149), which supports small and medium-sized enterprises in Chile, Ecuador, Panama, and Peru to advance sustainable practices. It is expected to benefit more than 1,200 SMEs with green financing, generate over 5,000 green jobs, and train 720 SMEs, of which 39% are expected to be women-led. The programme offers attractive financial conditions—concessional rates and grace periods—facilitating investments in energy efficiency, renewable energy, and sustainable land use. Technical assistance is also provided to identify projects, measure GHG emissions, and strengthen socio-environmental risk management (SARAS) and the integration of gender strategies. CAF also promotes education and financial inclusion programmes. To date, it is estimated that 7.7 million people and 55,024 MSMEs have benefited from financial inclusion projects, and more than 19 million people from financial education initiatives. A notable example is the Financial Inclusion Lab (LIF 2024), which supports technological solutions—such as artificial intelligence—to close financial inclusion gaps. In its sixth edition, LIF received 219 applications, evaluated 93 proposals, and selected 8 winners, with an estimated impact of over 31,000 underserved individuals and 8,190 MSMEs benefited. CAF has key institutional advantages: a regional structure that facilitates coordination across multiple countries; a multidisciplinary technical approach integrating social, environmental, and productive dimensions; and the capacity to mobilize complementary financial resources, both public and private. Its role as a supra-regional entity uniquely positions it to promote South-South cooperation, scale learnings, and replicate innovative solutions regionally. In 2024, CAF reaffirmed its commitment to biodiversity through strategic alliances and the development of new initiatives, consolidating its role as a regional coordinator in the environmental agenda. Within the framework of the AFCIA programme, CAF's participation as an accredited entity will enable the coordination of efforts across sectors and countries, connect local innovators with climate finance opportunities, and ensure an efficient, inclusive, and results-based implementation, enhancing the scalability, sustainability, and transformative impact of the proposed programme.

Comparative Advantage of FONTAGRO - IICA

83. IICA and FONTAGRO maintain a consolidated and complementary institutional relationship. IICA serves as the Technical and Administrative Secretariat of FONTAGRO, providing operational and fiduciary support, while FONTAGRO leads the technical management of regional initiatives. This collaboration has proven effective in the joint implementation of agricultural innovation and climate change adaptation projects in Latin America and the Caribbean.
84. FONTAGRO and IICA are ideal strategic partners for the implementation of the AFCIA programme. FONTAGRO brings over two decades of experience in financing and coordinating agricultural research and innovation consortia with a regional, multisectoral, and results-oriented approach. IICA, in turn, has a vast track record in implementing large-scale programmes, with territorial presence in all countries of the region, consolidated technical capacities, and a broad cooperation network with governments, research centers, producers, and grassroots organizations.
85. Both institutions share a vision focused on the transformation of agrifood systems with equity, resilience, and sustainability. They have operational mechanisms in place for fiduciary management,

social and environmental safeguards, and impact monitoring, ensuring efficiency, transparency, and alignment with the standards of the Adaptation Fund and CAF.

86. FONTAGRO has the following strengths relevant to the programme:
 - Effective presence in vulnerable territories and communities at climate risk (e.g., Indigenous communities in the Southern Cone).
 - Capacity to connect science, local communities, and public institutions, generating real impact.
 - Proven participatory innovation models, adapted to local and cultural contexts.
 - Established networks of scientific and productive cooperation, supported by technical expertise and collaborative financing.
87. IICA is the specialized agency of the Inter-American System for agriculture and rural development, with over 80 years of experience and a permanent presence in all 34 member countries of the Americas. Its mission is to support States in achieving sustainable agricultural development, food security, and climate resilience through technical cooperation, innovation, and the coordination of stakeholders in the agricultural sector.
88. The Institute has consolidated experience in the formulation, implementation, and evaluation of regional projects, working with governments, international agencies, producer organizations, research centers, and rural communities. It possesses multidisciplinary technical capacities, knowledge networks, regional platforms, and mechanisms to ensure compliance with environmental, social, and fiduciary standards, in alignment with the requirements of the Adaptation Fund and CAF.
89. In addition, IICA promotes the transformation of agri-food systems with a focus on sustainability, inclusion, and climate change adaptation, facilitating participatory innovation processes and institutional strengthening across the continent.

Alignment with International, Regional, and National Strategies

90. Within the framework of the UNFCCC, CAF has committed to align all its operations with the Paris Agreement. This strategy aims to contribute to efforts to fulfill this commitment. Likewise, the project aligns with the international commitments assumed by the countries in the region under the three Rio Conventions: The Convention on Biological Diversity, the United Nations Convention to Combat Desertification, and the UNFCCC. In this regard, it contributes to the Kunming-Montreal Global Biodiversity Framework by promoting an ecosystem-based approach that safeguards biodiversity, including the conservation of ecosystems with high ecological integrity and the preservation of connectivity in agroecosystems.
91. Similarly, it supports the conceptual framework of Land Degradation Neutrality (LDN), driving innovation in restoration, conservation, and sustainable soil management measures to counteract productivity loss, in line with the voluntary targets adopted by countries towards 2030. Additionally, the project contributes to the Sendai Framework for Disaster Risk Reduction 2015-2030 by strengthening the resilience of the agricultural, forestry, and fisheries sectors against climate threats and extreme events.
92. Finally, the project incorporates principles from the United Nations System Strategy on Water and Sanitation (2024), recognizing the central role of water in food security and promoting actions aligned with the accelerators of SDG 6, such as innovation, financing, governance, and capacity building.
93. This project is aligned not only at the regional level but also nationally with the policies of the 21 CAF member countries in Latin America and the Caribbean. The vulnerability of the agricultural sector is highlighted in these countries' national documents, whether through their National Communications (NC) or National Adaptation Plans (NAPs), consistently identifying this sector as a priority for climate change adaptation, with the goal of increasing its resilience and strengthening food security for their populations.
94. The project also directly supports the Sustainable Development Goals (SDGs) of the 2030 agenda, particularly SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 5 (Gender Equality), SDG 6 (Clean Water and Sanitation), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), SDG 10 (Reduced Inequalities), SDG 13 (Climate Action), SDG 15 (Life on Land),

and SDG 17 (Partnerships for the Goals). This is achieved by integrating gender, interculturality, and social inclusion approaches, in line with the commitments undertaken both by CAF and the member countries included in this proposal.

Compliance with Standards and Safeguards

Gender Approach:

95. In the full proposal (FP), activities aimed at reducing the gender gap in access to project activities and benefits will be detailed and organized into a Gender Action Plan, to be developed during the project formulation phase in continuous dialogue with women, gender-diverse individuals, and their representative organizations, identified as key stakeholders in the formulation process. This Plan and its corresponding Gender Analysis will be designed with respect for an intersectional and intergenerational approach and will include gender-disaggregated indicators.

Social and Environmental Safeguards:

96. During the preparation of the FP, the environmental, social, and climate risk assessment of the project will be carried out and mitigation measures will be identified, following CAF's environmental and social safeguards guidelines in accordance with the Environmental and Social Policy and the Gender Policies of the AF.

Risks

97. The project will provide a risk analysis that will include the ESMP during the preparation of the FP. During the FP preparation phase, all project activities will be assessed against the 15 principles of the AF, in order to identify potential environmental and social risks and impacts, in accordance with the procedures of the Adaptation Fund and CAF, as well as gender policies. It is foreseen that all sub-projects financed through the programme will be subject to environmental and social screening in line with the Adaptation Fund's Environmental and Social Policy (15 principles) and CAF's environmental, social, and gender policies. The screening will determine the risk category of each sub-project and define the necessary measures to avoid, minimize, or mitigate potential impacts.

Duplication of the AFCIA CAF Programme with Other Sources of Financing

98. The programme design will focus primary attention on avoiding duplication of efforts and instead ensuring complementarity with other programmes in the region. This proposal provides additional support to initiatives that CAF has developed in the areas of institutional strengthening and the promotion of innovation, reaffirming its commitment to scientific and technological development in LAC. It aligns with previous efforts such as the "Science and Technology Against Hunger" ¹⁹ programme, which channeled resources toward tech-based agri-food solutions, and forms part of CAF's strategy to promote research, development, and innovation processes with regional impact. In this case, the project introduces a novel approach by prioritizing the provision of grants for climate change adaptation targeting producers in the agricultural sector, accompanied by complementary components for institutional strengthening, systematization, and dissemination of lessons learned at the regional level.
99. Unlike other current CAF instruments—such as the loans included in the "Agri-Food Prosperity" strategy launched in 2025 ²⁰, which are primarily focused on infrastructure, environmental sustainability, and traditional financing—this proposal centers on the promotion of innovative technological solutions through direct support to associations and institutions. It also does not overlap with mechanisms from other multilateral banks, such as the IDB, whose instruments are largely aimed at large-scale investments or credit schemes, without a specific grant line targeted at the agricultural,

¹⁹ Sitio oficial de CAF /Noticia "CAF aporta financiamiento por USD 8 millones para proyectos de "Ciencia y Tecnología contra el Hambre" 6 de julio de 2021.

²⁰ Sitio oficial de CAF/Noticia "CAF invertirá USD 8.500 millones hasta 2030 para impulsar la prosperidad agropecuaria en América Latina y el Caribe" 25 de marzo de 2025.

forestry, and fisheries sectors with a regional R&D&I focus. Therefore, this initiative represents a complementary and strategic contribution both within CAF's institutional portfolio and in the broader regional ecosystem of climate and innovation financing.

100. Unlike the currently active AFCIA programmes in the region, CAF's proposal is exclusively aimed at beneficiaries in the agricultural, forestry, and fisheries sectors, adopting an innovative approach to a sector with a high need to strengthen its capacities and resilience to climate change, with the ultimate goal of accelerating access to resources for adaptation.

Sustainability

101. The sustainability of the programme will be built into its design, ensuring that the results and benefits generated endure beyond the initial funding phase. To achieve this, the institutional, financial, technical, and social dimensions will be considered in an integrated manner.
102. **Institutional** sustainability will be strengthened through the development of technical and organizational capacities of key actors within the agricultural, forestry, fisheries, and innovation ecosystem in LAC, including small and medium producers, public institutions, research centers, and innovation agencies (Component 1), as well as incubators and implementing entities (Component 2). By empowering these actors in the design and implementation of innovative adaptation solutions, the programme ensures that capacities are embedded in the territories and can sustain and scale up interventions once the funding ends. **Technical and operational** sustainability will be ensured through the identification, validation, and strengthening of evidence-based innovative solutions with high potential for replicability and scalability. These solutions will be assessed in real contexts through pilot projects, documenting results and lessons learned to enable their adaptation and adoption across different territories in the region. Through the activities of Component 3, the systematic documentation of results, lessons learned, and replicable models will be integrated, enabling their subsequent use by communities, institutions, and development agencies. In terms of **financial** sustainability, it is based on the demonstrative value of the programme itself as an innovative financial mechanism. By providing direct technical and economic support to locally led adaptive and innovative projects, the programme will test viable investment models in climate resilience. The evidence generated in terms of impact and competitiveness will help mobilize and guide future resources—from public, private, or multilateral sources—towards similar initiatives and will enhance the capacity of local actors to access existing climate and rural financing schemes. Regarding **social** sustainability, the programme will prioritize local ownership from the outset, ensuring that the solutions address the concrete needs of the communities and are co-created with producers and local change agents. This will guarantee the cultural and social relevance of the interventions and foster their ownership and continuity beyond the project cycle. Empowerment of communities will be prioritized, especially vulnerable groups such as women and youth, enabling them to lead the implementation and dissemination of innovative adaptation practices. A community-centered and locally led adaptation approach will be key to ensuring the accessibility, legitimacy, and long-term sustainability of the solutions once project support ends.

Justification for the requested funding

103. The programme design will carefully consider the avoidance of duplication and the complementarity of the programme with other initiatives. Additionally, it will ensure that the programme's activities can generate adaptation results independently.
104. Below are the scenarios with and without the project for each project component.

Component 1:

105. Baseline: Many of the agricultural, forestry, and fishing associations and projects in the region do not independently access conventional financing—being perceived as risky or nascent. This limits their capacity to validate, implement, or scale innovative climate change adaptation solutions. With

Adaptation Fund (AF) funds: A key adaptive investment gap is addressed through the design and implementation of a regional financial and technical support mechanism that will enable the identification, selection, financing, testing, and scaling of innovative solutions led by local actors.

Component 2:

106. **Baseline:** In the absence of a coordinated strategy, incubators, innovation agencies, and territorial actors work in a fragmented manner, with scattered efforts that fail to generate synergies or share learnings, thereby reducing the impact and efficiency of adaptation interventions. **With AF funds:** Smooth technical coordination will be ensured among implementing entities and incubators throughout the region. Continuous technical assistance, collaboration mechanisms, dialogue spaces, and joint monitoring, evaluation, and learning activities will be provided, enabling improvements in the quality and effectiveness of the funded projects.

Component 3:

107. **Baseline:** There is limited understanding of climate change and its risks among producers, institutions, and supporting actors. Opportunities to learn about innovative solutions, draw from other experiences, and adapt to best practices are scarce and unsystematic. **With AF funds:** The programme will contribute to raising awareness, sensitization, and capacity building among local producers, incubators, and other key actors. Additionally, it will generate learning, systematize experiences, and utilize all information produced by the programme to promote regional knowledge exchange and the dissemination of adaptive best practices, thereby strengthening long-term regional adaptation capacities.

PART III: IMPLEMENTATION ARRANGEMENTS

General Functions and Responsibilities

108. **CAF as Implementing Entity:** CAF will maintain the responsibility for daily oversight of the programme and will have the direct responsibility to fulfill the duties and obligations of an Implementing Entity before the Adaptation Fund (AF). It will be responsible for financial management and accountable for the use of AF resources within the framework of the programme. CAF will provide technical and administrative support to the implementers through a Programme Management Unit (PMU) to ensure results-oriented management and proper administration of funds. The responsibilities of the Implementing Entity also include providing monitoring and evaluation services. CAF will maintain continuous coordination with the Programme's executing entities and ongoing dialogue with its stakeholders.
109. **FONTAGRO and IICA as Executing Entities:** Within the framework of the programme, IICA will assume responsibility for administrative execution, while FONTAGRO will be responsible for technical execution. IICA will oversee operational and administrative aspects, including financial management, contracting, regulatory compliance, and safeguards. Meanwhile, FONTAGRO will lead the technical coordination of the programme, providing support to the projects, facilitating the articulation of involved stakeholders, and ensuring the technical quality and relevance of the interventions.

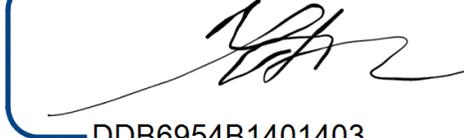
PART IV: ENDORSEMENT BY GOVERNMENTS AND CERTIFICATION BY THE IMPLEMENTING ENTITY

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 subject to the approval by the Adaptation Fund Board, commit to implementing the project/programme in compliance with the Environmental and Social Policy of the Adaptation Fund and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.

Firmado por:



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Ignacio LORENZO ARANA

Director for Technical Advisory on Climate and Biodiversity
Climate Action and Positive Biodiversity Department
AF CAF Coordinator

Date: August 10th, 2025

Tel. and email: +598 99 180 424

ilorenzo@caf.com

Project Contact Person:

Oscar Guevara: oguevara@caf.com

Miguel Guzman: mguzman@caf.com



PRE-CONCEPT FOR A REGIONAL PROJECT/PROGRAMME

PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme:	Scaling Innovative Adaptation Solutions for Climate-Resilient Growth in SEMED and Sub-Saharan Africa
Countries:	Egypt, Jordan, Morocco, Tunisia, Lebanon, Benin, Côte d'Ivoire, Kenya, Ghana, Nigeria, Senegal
Thematic Focal Area:	Innovation in adaptation finance
Type of Implementing Entity:	Multilateral Implementing Entity
Implementing Entity:	EBRD
Executing Entities:	EBRD
Amount of Financing Requested:	30,000,000 (in U.S Dollars Equivalent)

1. Programme Background and Context:

Sub-Saharan Africa (SSA) and the Southern and Eastern Mediterranean (SEMED) regions are among the most climate-vulnerable geographies globally, facing acute and accelerating climate risks. In SSA, communities and economies are increasingly affected by droughts, floods, extreme heat, desertification, and shifting agricultural patterns. Despite contributing minimally to global emissions, SSA faces disproportionate climate impacts that threaten livelihoods, food security, and socio-economic development, particularly in rural areas dependent on agriculture and natural resources. SSA's adaptive capacity remains constrained by limited access to finance, underdeveloped infrastructure, regulatory challenges, and significant technical capacity gaps. The scale of the financing need is vast: Africa is estimated to require USD 2.8 trillion between 2020 and 2030 to implement its Nationally Determined Contributions (NDCs), yet current flows of climate finance reach only about USD 30 billion per year - far below the required USD 277 billion¹ each year.

In SEMED², climate stressors such as water scarcity, land degradation, and increasing temperatures are exacerbated by limited arable land and rapidly growing populations. Micro, small and medium-sized enterprises (MSMEs) are especially vulnerable to climate risks, yet most lack awareness, and technical capacity to assess their exposure or invest in adaptation solutions which can come at high costs and longer payback periods in the absence of appropriate incentives structures. Regional adaptation frameworks are beginning to prioritize the private sector, but support structures remain nascent.

Across both regions, MSMEs, startups, mid-caps and the supply chains they participate in are highly exposed to climate-related disruptions, but they can be crucial actors in delivering locally-led innovation. National strategies increasingly recognize this opportunity. In SEMED, green entrepreneurship and sustainable private sector development are rising priorities. In SSA, governments and regional bodies are calling for greater private sector engagement in building climate resilience.

Despite this momentum, private actors still face persistent barriers: limited risk capital for early-stage adaptation solutions, weak technical assistance ecosystems, and insufficient incentives to adopt resilient practices or technologies.

The proposed Programme addresses these challenges by unlocking the private sector's potential as a driver of climate adaptation innovation. Through an innovative blended approach that combines targeted advisory support and grants for startups, MSMEs, and mid-caps the Programme will help local actors design, pilot, and scale solutions that strengthen resilience, protect livelihoods, and respond to region-specific climate adaptation needs.

¹ CPI (Climate Policy Initiative), 2022.

² SEMED countries of operations include Egypt, Jordan, Morocco, Lebanon, Tunisia, West Bank and Gaza and soon Algeria.

2. Programme Objectives:

The EBRD proposes to establish the “Scaling Innovative Adaptation Solutions for Climate-Resilient Growth in SEMED and Sub-Saharan Africa” programme in the SEMED (Egypt, Jordan, Morocco, Tunisia, Lebanon) and SSA regions (Benin, Côte d'Ivoire, Kenya, Ghana, Nigeria, Senegal). It aims to accelerate the development, adoption, and scaling of innovative adaptation solutions among smaller and growth-oriented businesses, embed climate resilience across sectors, and strengthen local ecosystems and value chains to withstand climate risks, by providing tailored technical assistance (TA), with incentive and capex grants (the “Programme”). The Programme will support its targeted beneficiaries to identify climate risks and invest in locally relevant adaptive solutions and innovations.

It combines three strategic and complementary components — Star Venture (SV), Risk Sharing Framework (RSF), and Sustainable Supply Chain Finance (SSCF) — to drive scalable climate adaptation. Together, they cover a wide range of targeted beneficiaries — from startups, MSMEs, and mid-caps to accelerators, other startup ecosystem actors, and supply chain participants in strategic value chains across SEMED and SSA. This integrated approach embeds adaptation measures across all stages of beneficiaries’ growth journeys — from ideation and innovation with SV for early-stage startups to adoption and scaling with RSF and SSCF for MSMEs and mid-caps.

Together, the three components of the Programme aim to:

- Strengthen the awareness, capacity and readiness of startups, MSMEs and mid-caps to implement climate adaptation solutions and address climate risks;
- Pilot and scale innovative adaptation technologies;
- Promote inclusive participation, particularly of women- and youth-led enterprises;
- Build multi-stakeholder partnerships that enhance local adaptation innovation ecosystems;
- Generate and share actionable knowledge to inform future replication and scale.

The Programme’s delivery model rests on the following principles:

- i) Inclusive participation of women, youth, Indigenous Peoples, and marginalised groups.
- ii) Responsible risk-taking through adaptive management and piloting.
- iii) Capacity-building for local institutions and innovation readiness.
- iv) Alignment with the UNFCCC Technology Framework and national adaptation priorities.
- v) Multi-stakeholder partnerships with Partner Financial Institutions (PFIs), anchor buyers, accelerators, and public institutions.

By combining targeted advisory support, innovation grants, and ecosystem-level engagement, the Programme aligns closely with the Adaptation Fund’s commitments to locally-led adaptation, inclusive innovation, and knowledge sharing under the AFCIA framework.

The Programme aligns with AFCIA’s Innovation Expected Results (ERs) as follows:

- **ER(a) New innovations and risk-taking encouraged and accelerated:** SV supports early-stage ventures with high-risk, high-impact adaptation solutions. RSF and SSCF incentivise adoption of novel technologies through performance-based grants.
- **ER(b) Successful innovations replicated and scaled up:** Builds on the proven SV model in SEMED and scales it to SSA. RSF and SSCF replicate adaptation technologies across sectors and geographies.
- **ER(c) Access and capacities enhanced:** Provides tailored advisory, training, and mentorship to startups, MSMEs, and intermediaries. Strengthens innovation ecosystems and supports non-traditional actors.
- **ER(d) Evidence base generated and shared:** Includes robust monitoring, reporting, and dissemination mechanisms. Promotes peer learning and South-South cooperation by linking regional actors, building networks across the region, and sharing solutions to support collaborative adaptation efforts.

Moreover, the Programme addresses AFCIA’s following provision criteria:

- **Alignment with AF’s innovation vision:** Strong focus on private sector-led adaptation innovation.
- **Implementation modality:** Building on EBRD’s successful track record in implementing the 3 components in other countries through combining advisory, grants, and blended finance.
- **Review process:** Competitive selection, milestone-based disbursement, and impact evaluation.
- **Learning and knowledge sharing:** Embedded across all components.
- **Innovation ecosystem:** Strengthens regional and sectoral innovation capacity.
- **Complementarity:** Builds on existing EBRD programmes.
- **Budget:** USD 30 million with detailed breakdown across components.
- **Thematic focus:** Climate adaptation across agriculture, infrastructure, and across various supply chains.

3. Programme Components and Financing:

Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (US\$)
1. Star Venture	<p>Strengthened capacity of up to 60 startups to integrate climate adaptation into their products, services, or business models.</p> <p>Accelerated growth of up to 20 climate-smart startups by supporting product development, market expansion, and implementation of locally relevant adaptation solutions.</p> <p>Enhanced adaptation innovation ecosystem through targeted support to 6 key ecosystem enablers (including incubators, accelerators, VC funds), helping them integrate climate resilience and green standards into their service offerings and investment strategies.</p>	<p>Up to 60 startups receive tailored advisory support. Eligible startups will either have a climate-tech solution and/or operate in a sector where climate-smart practices can be embedded in business models and/or products.</p> <p>Up to USD 2.9 million disbursed as repayable, convertible or incentive grants to crowd in private investment, de-risk innovation, and incentivize implementation of adaptation-relevant technologies and practices.</p> <p>6 ecosystem actors receive capacity-building support to strengthen their ability to identify, support, and scale startups with climate adaptation potential, embedding adaptation principles in pipeline development and advisory delivery.</p>	Senegal, Cote d'Ivoire, Benin, Ghana, Nigeria, Kenya, Morocco, Tunisia, Egypt Jordan, Lebanon	9,200,000
2. RSF	15 local companies to successfully invest or implement climate resilient technologies, programs or initiatives.	15 local companies supported with a combination of RSF financing and complementary grants and advisory services to develop and to improve their climate resilience and adaptation standards.	Senegal, Cote d'Ivoire, Benin, Ghana, Nigeria, Kenya, Morocco, Tunisia, Egypt Jordan, Lebanon	8,900,000
3. SSCF	<p>Improved access to working capital for MSMEs and midcaps operating in 5 targeted value chains, enhancing their adoption of adaptation practices and technologies ultimately strengthening their integration and resilience within supply chains.</p> <p>Improved climate resilience and adaptive capacity of MSMEs integrated into strategic global and regional value chains.</p> <p>Strengthened business performance, continuity and risk management among MSMEs through integration of climate adaptation strategies and tools.</p> <p>Increased adoption of climate adaptation tools and practices across supplier networks.</p> <p>Enhanced integration of local MSMEs into climate-resilient regional and global value chains.</p>	<p>Supply chain finance deployed in 5 value chains with a climate-sensitive approach to support SME resilience investments.</p> <p>5 Anchor buyers in SSA and SEMED providing supply chain finance to their suppliers with an embedded climate adaptive support, funded directly or indirectly by the EBRD.</p> <p>5 Anchor buyers in SSA and SEMED supported in integrating climate adaptation into their value chains.</p> <p>125 suppliers supported in integrating climate adaptation tools and strategies into their business through bespoke advisory and cash-based incentives.</p> <p>5 anchor buyers supported in embedding climate risk management and adaptation into their sourcing and supplier development processes.</p>	Senegal, Cote d'Ivoire, Benin, Ghana, Nigeria, Kenya, Morocco, Tunisia, Egypt Jordan, Lebanon	8,900,000
Programme Execution cost				272,728
Total Programme Cost				27,272,728
Programme Cycle Management Fee charged by the Implementing Entity (if applicable)				2,727,272
Amount of Financing Requested				30 million

Programme Duration: 7 years (84 months)

PART II: PROGRAMME JUSTIFICATION

The proposed Programme will accelerate climate change adaptation by mobilizing and supporting startups, MSMEs, mid-caps. It has three integrated components – SV, RSF, and SSCF– designed to catalyze private-sector innovation in climate resilience, each contributing distinct but complementary roles. Together, they cover the full spectrum of small and medium-sized companies at every stage of their growth journey: from ideation and innovation with SV for early-stage startups, to adoption and scaling with RSF and SSCF for MSMEs and mid-caps.

The Programme advances AFCIA objectives by improving access to adaptation finance and promoting innovation, inclusive participation, and responsible risk-taking, especially among smaller companies typically excluded from adaptation finance.

- **Star Venture** supports high-potential startups with tailored advisory, training, mentorship, and catalytic funding to pilot and scale adaptation technologies, while also strengthening financing actors i.e. accelerators and VC partners.
- **RSF and SSCF** offer technical assistance and incentives to MSMEs and mid-caps in underserved markets, helping them adopt innovative and adaptation-focused solutions.

The Programme expands geographically from SEMED to SSA, enhancing ecosystem capacity and innovation readiness for climate adaptation. It engages intermediaries like accelerators, anchor buyers, and PFIs to build climate resilience across value chains. Multi-stakeholder partnerships are central to the Programme's approach, involving startups and startup ecosystem players, PFIs, and value chain actors for systemic impact. Finally, the Programme ensures inclusive, locally-led adaptation by involving women, youth, small businesses and underserved groups, offering accessible support and fostering resilience to advance the Adaptation Fund's goal of protecting the most vulnerable.

Component 1. Star Venture – Advisory and funding support to early-stage startups

To harness the full potential of entrepreneurship and innovation for climate resilience in SSA and the SEMED region, a multi-layered approach is needed. Specifically, the Programme aims to:

1. **Drive climate adaptation innovation** by supporting early-stage (pre-seed/seed stage) startups developing products and services that directly address climate adaptation and enhance resilience to climate risks - such as water-efficient climate-smart agri-tech, early warning systems, or nature-based infrastructure;
2. **Mainstream climate adaptation** across the broader innovation landscape by helping young startups across all sectors integrate climate considerations, and resilience practices into their business models and operations;
3. **Amplify impact through ecosystem multipliers** by equipping accelerators, incubators, and other ecosystem actors with the tools, knowledge, and frameworks to identify, support, and scale climate-smart ventures.

To deliver on these objectives, this component will **build on the EBRD's flagship Star Venture model**, which is specifically designed to unlock the growth potential of early-stage and high-potential startups in emerging markets. Star Venture combines tailored advisory support, ecosystem development, and innovative funding tools to strengthen entrepreneurship as a driver of inclusive, green growth. It is designed to strengthen the pipeline of investable startups in EBRD regions, while complementing the EBRD's early-stage investment initiatives. These include the Venture Capital Investment Programme (VCIP), which co-invests alongside venture capital firms, and the Early-Stage Innovation Facility (ESIF), which focuses on investments in VC funds.

Specifically, the Star Venture model combines **two complementary delivery mechanisms**:

1. **Bespoke advisory support** will be delivered to both startups and ecosystem actors:
 - **Up to 60 high-potential startups³** will be **competitively selected through public calls for applications** and receive intensive, hands-on support over 24 months. This includes tailored strategy diagnostics, targeted advisory services (including for adaptation technology support and/or increased resilience), mentoring, investor readiness preparation, market access support, access to cloud credits, and curated e-learning resources.
 - **Up to 6 accelerators and VC funds** will receive customized advisory to integrate climate adaptation into their support models and investment strategies to better assist their own portfolio startups in adopting and scaling climate-smart solutions.
2. **Innovative and catalytic funding support** will be provided to **up to 20 highly promising startups** in the form of repayable, convertible or incentive grants⁴, to complement the advisory services. These funding instruments will help startups gain early traction, crowd in private investment required to scale, and incentivize the development and/or adoption of climate adaptation-focused business models and technologies.

³ All target beneficiary numbers are subject to further due diligence and to be confirmed in the full proposal to be developed. Equally, the specific eligibility criteria will be confirmed in the final proposal to ensure alignment with AF priorities.

⁴ The final proposal will detail the specific grant instruments, which may include repayable or convertible grants, as well as results-based structures that tie disbursements to measurable adaptation outcomes, thereby incentivizing the adoption of climate-resilient practices and technologies.

Over the past five years, Star Venture has scaled significantly, growing from an initial pilot in three countries in 2019 to a presence in **26 countries** by 2025. Star Venture has directly **supported over 375 startups** that have **raised over EUR 550 million in commercial funding**, engaged 36 partner accelerators, and continues to expand. Notably, **43% of startups supported under Star Venture offer innovative climate and sustainability-related products and services**. In 2022, EBRD introduced “**Green Star Venture**”, a dedicated edition of Star Venture focusing specifically on supporting climate-focused startups in the SEMED region, on which the proposed Programme will build on.

Among the climate adaptation-focused startups supported are **Kumulus**, a Tunisia-based company developing atmospheric water generators that extract clean drinking water from air using solar power. This technology offers a decentralised, off-grid solution to water scarcity in arid and climate-vulnerable regions, enhancing resilience to drought and unreliable water supply exacerbated by climate change. Another example is **Sand to Green**, a Moroccan startup, which offers a satellite-based regenerative agriculture platform that transforms degraded or arid lands into productive, biodiverse ecosystems. Through tools such as a satellite-driven site-analysis and agroforestry design suite, it helps plan, implement, and manage land restoration projects - optimising soil health, water use, and crop or tree selection to build resilience against desertification and climate-induced land degradation

A recent rigorous **impact evaluation by EBRD’s Office of the Chief Economist** confirmed a causal link between programme participation and startup growth.⁵ Compared to firms that narrowly missed selection, those that participated in the Star Venture programme raised more external funding, created more jobs, and expanded their market reach.

This climate-focused extension of Star Venture will apply the same tested approach to unlock locally-led adaptation solutions and strengthen the resilience of startup ecosystems in some of the world’s most climate-vulnerable regions. It will enable the EBRD to reinforce Star Venture’s proven blueprint for support to startups in five of its current countries of operation in SEMED (Egypt, Morocco, Tunisia, Lebanon, Jordan), for which the Programme aims to scale, as well as replicate this model in six new countries in SSA (Senegal, Côte d’Ivoire, Benin, Ghana, Nigeria, Kenya).

Component 2. Risk Sharing Framework

Through its RSF, the EBRD works together with local partner financial institutions (PFIs) to share the risk of financing local enterprises and catalyse greater access to long-term financing, including for climate adaptation initiatives. In parallel, the RSF would need to be complemented by targeted incentive payments and CAPEX grants, as well as technical assistance, to encourage sub-borrowers to adopt adaptation and climate-resilient technologies and practices. Together, these instruments allow the EBRD to address both the financial and behavioral barriers that typically constrain investments and adaptation practices in the regions, particularly among smaller, more vulnerable businesses. RSF specifically tries to address financing gaps for local companies that are unable to receive adequate financing, in maturity and/or amount, through the local financial markets. By de-risking (via EBRD guarantees) investments that would otherwise be perceived as high-risk by local PFIs - such as those involving MSMEs, including smallholder farmers or businesses in sectors impacted by climate change - the RSF enables PFIs to extend financing to segments traditionally excluded from formal credit markets. This directly supports the Adaptation Fund’s objective of targeting the most vulnerable populations and enhancing community resilience.

Launched in 2018 in the SEMED region, the RSF is already operational with three active agreements: Bank Al Etihad in Jordan, Attijari Bank in Tunisia and the Emirates National Bank of Dubai in Egypt. Additional engagements are underway with a number of other banks, including in Morocco. To date, eighteen sub-loans have been signed under the RSF in SEMED, amounting to a total of EUR 47.4 million.

Alongside the guarantees to be provided under the RSF, EBRD will leverage AFCIA funds to be used as incentive payments, capex and TA grants to local MSMEs and mid-caps (grant’s beneficiaries) to encourage these companies to invest in climate-resilient technologies and/or to adopt climate resilience practices. This approach represents an innovative component of the proposed Programme:

1. **Adaptation incentive grants:** These are disbursed against the achievement of milestones⁶ for the successful implementation of adaptation related practices, e.g. water efficiency measures, or early warning systems.
2. **Capex grants:** These financial incentives in the form of capital expenditure (Capex) grants are designed for projects with a demonstration effect that implement innovative climate-resilient technologies in a given sector and country context. These support target beneficiaries in making strategic investments that strengthen resilience—such as flood resilient buildings, stormwater management systems, cooling solutions, or drought mitigation technologies—provided they meet predefined eligibility criteria, which will be provided within the full funding proposal, against which the EBRD will conduct a preliminary assessment to determine the projects’ eligibility. While eligibility is determined on a case-by-case basis, qualifying adaptation technologies are typically those with limited market penetration and strong potential for replication. Each beneficiary will be assessed and selected on a case-by-case basis, in accordance with eligibility criteria that will be developed and embedded in integrated into the forthcoming grant eligibility mechanism.
3. **Technical Assistance grants:** Eligible sub-borrowers may benefit from TA to identify climate risks and to adopt relevant adaptation technologies and or practices.

⁵ EBRD. Boosting startups: Evidence from the EBRD Star Venture programme. Available [here](#). [Accessed July 2025]

⁶ Milestones will be provided along with eligibility criteria in the full funding proposals.

Examples of eligible adaptation technologies eligible for grants may include but not limited to:

- Water-efficient irrigation systems and drought-resilient crop solutions
- Flood-resilient infrastructure and early warning systems
- Improved cooling and ventilation systems to manage heat stress
- Stormwater management and sustainable urban drainage systems

The grant size will be up to 15% from the total capital cost and may be subject to a regional cap or ceiling.

Among the adaptation focused RSF projects supported, InPackt, a Tunisian based company, is responding to worsening drought and water scarcity in Tunisia by installing an adiabatic cooling tower system at its Koutine facility, a technology that significantly reduces water consumption while maintaining efficient cooling for production. This solution will save around 40,000 m³ of water annually, safeguard operations against supply disruptions, and reduce related costs by TND 130,000 per year.

Component 3. Sustainable Supply Chain Finance (SSCF)

In the SSCF programme, the EBRD partners with PFIs and technology platforms offering working capital solutions to suppliers (“TP”) to share risk in buyer-led supply chain financing, enabling suppliers—often MSMEs—to obtain early invoice payments, secured by the creditworthiness of large Anchor Buyers and hence decreasing financing costs. This mechanism strengthens suppliers’ liquidity and enhances the overall supply chain resilience, with improved relationships between buyers and suppliers.

EBRD will combine financing from PFIs with incentive grants, TA, and advisory support to encourage the adoption of climate-resilient technologies and practices, to support stronger corporate climate adaptation practices among suppliers thus strengthening their resilience to physical and transition climate risks.

While the EBRD will provide financing to MSMEs and mid-caps operating in key supply chains, AFCIA funds will cover results-based incentives, technical assistance including advisory, capacity building, and knowledge transfer to integrate climate adaptation tools and strategies into supply chains. Partnerships with PFIs and TPs facilitating the provision of working capital to suppliers and support for inclusion of adaptive practices in their operations, will also facilitate climate-relevant data flows and improve commercial decision making by taking into account of climate costs.

AFCIA funds will fund incentive mechanisms and TA support to empower all actors involved in SSCF transactions — to adopt resilient practices and scale climate adaptation lending. This will include, amongst other things, enabling farmers and MSMEs to adopt resilient practices or technologies. Performance-based incentives will accelerate the uptake of SSCF for climate adaptation, with green transition and digitalisation as cross-cutting. The programme consists of two elements:

1. Results-Based Incentives

Through a results-based incentive mechanism, suppliers⁷ can reduce their financing costs by implementing improvements that contribute to climate adaptation, such as adopting precision agriculture tools, improved irrigation systems, installing water reuse systems, installing passive cooling or ventilation to protect workers and equipment in high-heat environments. Financial incentives will be provided based on the achievement of tangible and verifiable pre-identified sub-project specific KPIs, such as alignment with international standards like ISO 14090 or 14091. This results-based mechanism is designed to generate measurable climate adaptation impacts across the supply chain.

2. Technical Assistance

Advisory and Know-How Access: Through EBRD’s Advice for Small Business (ASB) programme, MSMEs and mid-caps receive tailored one-to-one or group advisory support, trainings on climate adaptation standards and strategies, digital tools, and supply chain integration, networking, and market access facilitation. Advisory primarily focuses on climate adaptation, including, among other areas, climate risk and vulnerability assessments, business continuity planning, integration of climate resilience into operations and supply chains, adoption of early warning systems, weather-resilient infrastructure and technologies, and worker safety measures in response to extreme weather events.

Capacity Building for Local SSCF Stakeholders: Public institutions and private sector actors, including Anchor Buyers, will receive training in supply chain management practices, climate adaptation, and digitalisation to support suppliers’ onboarding and enhance their capacity to develop future adaptation finance instruments for supply chain financing. The Programme will also increase Anchor Buyers’ awareness of the benefits of climate adaptation, digitisation and effective payment term management on their value chains.

⁸ Small and Medium Enterprises, local and regional suppliers, export oriented or import-substitution suppliers, green and inclusive suppliers (outcome-based incentives), suppliers in strategic sectors.

PART III: IMPLEMENTATION ARRANGEMENTS

1. The implementation period of the programme will be 7 years, with expected start date in Q1 2026.
2. Activities under the Programme will be coordinated by the EBRD's SME Finance and Development (F&D) Group, with staff based both in the EBRD's Resident Offices in the regions, under the oversight of the EBRD SME F&D Regional Heads, and in EBRD's headquarters in London.
3. The EBRD will manage overall Programme delivery, including the competitive and transparent selection of beneficiaries, procurement of advisory services, disbursement and monitoring of incentive grants, and results reporting.
4. Each component of the Programme will be implemented through established operational structures:
 - **Component 1 (Star Venture)** will be delivered via EBRD's existing Star Venture framework, managed by EBRD. Startups will be selected through public calls and supported through tailored advisory, mentoring, and catalytic funding. Partnerships with local accelerators, incubators, and VC funds will be essential. Where appropriate, EBRD may consider working with an implementing partner as an executing entity (e.g. international accelerator) to manage the catalytic funding support. Further details will be provided in the funding proposal.
 - **Component 2 (RSF)** will be implemented by the EBRD, risk-sharing on each loan with local PFIs. PFIs will provide financing to MSMEs and mid-caps, while the EBRD will offer guarantees and coordinate the delivery of technical assistance and incentive grants.
 - **Component 3 (SSCF)** will be implemented by EBRD in cooperation with PFIs, TPs and Anchor Buyers. These actors will facilitate access to working capital for suppliers, while EBRD channels AFCIA's results-based grants and TA to promote climate adaptation along supply chains.

Local and international consultants, along with ecosystem actors such as accelerators and PFIs, will be key partners in the success of the Programme.

5. A strong emphasis will be placed on coordination, learning, and visibility. Lessons learned will be captured systematically and shared across regions through knowledge products and stakeholder platforms, supporting replication and scaling of adaptation innovation.

Funding Proposal Template

Application Template for Pre-Concept Proposal



ADAPTATION FUND

PROGRAMME ON INNOVATION: LARGE GRANTS PROJECTS

REQUEST FOR PROJECT FUNDING FROM THE ADAPTATION FUND

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

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 must be fully prepared when the request is submitted.

Complete documentation should be sent to:

The Adaptation Fund Board Secretariat
1818 H Street NW
MSN N7-700
Washington, D.C., 20433
U.S.A
Fax: +1 (202) 522-3240/5
Email: afbsec@adaptation-fund.org



ADAPTATION FUND

PRE-CONCEPT FOR A REGIONAL INNOVATION PROJECT/PROGRAMME

PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme:	ASAP+ Adaptation Innovation Centre
Countries:	Global (through regional call for proposals)
Thematic Focal Area:	Innovation in adaptation finance
Type of Implementing Entity:	Multilateral Implementing Entity (MIE)
Implementing Entity:	IFAD through ASAP+ Trust Fund
Executing Entities:	N/A
Amount of Financing Requested:	US\$ 10 million (in U.S Dollars Equivalent)

Project / Programme Background and Context:

Introduction

Climate change and biodiversity loss pose significant and interconnected threats to global food security. Despite producing 35 per cent of the world's food and up to 80 per cent in some sub-Saharan African countries, small-scale farmers are disproportionately affected by these challenges. Their limited access to finance and appropriate technologies severely reduces their capacity to adapt to climate threats through more efficient and sustainable technologies or practices.

This vulnerability is exacerbated by a market failure whereby the small-scale agriculture sector receives only 0.8 per cent of global climate finance, and it is estimated that adaptation finance must increase nearly 14-fold to reach a minimum of US\$75 billion per year to meet their needs¹. This funding shortfall leaves farmers without the capital to invest in climate-resilient practices and technologies.

Compounding this financial deficit is a critical innovation gap. The lack of dedicated investment and the perceived low commercial viability of small-scale agricultural systems have stifled the research

¹ Daniela Chiriac, Harsha Vishnumolakala and Paul Rosane, The Climate Finance Gap for Small-scale Agrifood Systems: A growing challenge (Climate Policy Initiative, November 2023), <https://www.climatepolicyinitiative.org/wp-content/uploads/2023/11/The-Climate-Finance-Gap-for-Small-Scale-Agrifood-Systems-3.pdf>

and development of new technologies and practices tailored to their specific needs. As a result, even if finances were available, the climate adaptation solutions themselves are often lacking or targeted to commercial farming systems that do not translate to small-scale systems.

To address this dual challenge, this application is proposing the establishment of an ASAP+ Adaptation Innovation Centre that will support an innovation grant mechanism and knowledge platform to catalyse locally led climate innovations specifically targeting small-scale agriculture. The Centre aims to enhance innovation through investing in research, development and piloting that will pioneer new climate resilient and adaptive technologies and practices for small-scale agricultural systems.

Through its grant mechanism it will mobilize risk-taking capital in the form of grant resources to support local organizations in developing innovations. Additionally, key components of the Centre will enable knowledge generation and dissemination and directly enable scaling of proven concepts through IFAD's wider investments by embedding appropriate innovations into IFAD's pipeline. Consequently, this initiative will not only bridge the financial gap for climate adaptation innovation in the sector, but also result in the scaling of proven, effective and affordable solutions that can be adopted by small-scale farmers at local, regional and global levels. By investing in this high-risk, high-reward space, we can unlock the potential of millions of farmers, enhance their climate resilience, and support the stability of the global food system.

Rationale for climate innovation in small-scale farming systems

Small-scale farmers play a pivotal role as custodians agrobiodiversity and in maintaining healthy ecosystems, occupying 12 per cent of agricultural land worldwide. Their longstanding relationship with the land provides a foundation for sustainable resource management and supports the resilience of farming systems to climate change. By empowering small-scale farmers with the resources and knowledge needed to adopt innovative climate-resilient approaches, we can safeguard vital agricultural landscapes and strengthen the adaptive capacity of rural communities to climate impacts.

Investing in climate innovations for small-scale farmers is crucial because it directly enhances their livelihoods, empowering them to invest in and sustain their land in the long term and increases the sustainability of rural systems. Grant financing is critical here as it enables risk taking to pioneer new technologies and practices that are more resilient and effective. Further, successful innovations lead to multiplier effects throughout rural economies, with climate resilient agricultural innovations boosting farmer incomes and generating new value streams that particularly benefit rural communities, who face the greatest barriers to accessing commercial financing to enhance their farming practices.

Innovation in technology and agricultural practices is fundamental to advancing this transformation. The adoption of more effective and efficient innovative technologies, including precision agriculture tools, cost-effective soil monitoring solutions, and advanced water conservation techniques, reduces the risks associated with sustainable methods, thereby making them more appealing to private investors and facilitating essential capital flows. Additionally, the development of new technologies, such as drought-resistant crop varieties and intelligent irrigation systems, has the potential to substantially enhance yields and optimize resource utilization, particularly water

conservation, increasing the resilience of small-scale farming systems in the face of intensifying climate challenges.

Furthermore, the integration of indigenous and traditional knowledge with modern scientific techniques and technologies is vital, as it can profoundly increase production as well as enhance provisioning and regulating ecosystem services that are critical for sustaining agricultural systems under stressed climate conditions. The utilization of new technologies can also open new markets for small-scale farmers or support improved food processing and storage practices, significantly reducing post-harvest waste and enhancing food security in the face of increasing temperatures and extreme weather events.

These innovative approaches not only strengthen their adaptive capacity but also yield substantial economic returns; for instance, every US\$1 invested in ecosystem restoration can generate US\$7 to US\$30 in economic returns through improved ecosystem services and sustainable production².

Consequently, by investing in climate-adaptive and resilient innovations in the sector, we empower rural small-scale farming communities to confidently invest in long-term solutions that boost productivity, build climate resilience, and protect precious natural resources and biodiversity. This ultimately secures food security and enhances livelihoods for future generations while advancing agricultural systems in the face of threats posed by the changing climate.

Background: IFAD Multilateral Implementing Entity

IFAD holds a distinct position as the world's second largest multilateral investor in food and agriculture, investing in rural people and small-scale producers to equip them with the tools to transform local food systems for sustainable change. Investing in climate change adaptation, promoting climate resilient investments and mobilizing climate finance is fundamental to IFAD's work on rural development and poverty reduction.

During IFAD's last funding cycle (Twelfth Replenishment of IFAD Resources 2022-2024), IFAD allocated 49 per cent of total investments to climate finance in support of interventions that enhance climate resilience, improve productivity and rural livelihoods. IFAD is scaling its work on climate and biodiversity supporting countries to effectively integrate climate adaptation, environmental sustainability and biodiversity management into policies and investments and deploying diverse financing tools to implement the new, first of its kind, integrated Climate, Environment and Biodiversity Strategy 2025–2031.

The Strategy builds on IFAD's track record by promoting a comprehensive response to the interconnected climate, environmental, and biodiversity-related threats facing small-scale farmers. Focusing on the sustainable use and conservation of natural resources and biodiversity within agricultural systems, the strategy aims to build the resilience of rural communities to climate change and promote long-term development. Ten action areas are outlined in the strategy, offering adaptive and flexible solutions for countries to select when designing investment projects depending on the context, capacities, national priorities and income levels. The actions areas help deliver the overarching objectives of the strategy: 1) scaling of climate resilient and environmentally sustainable practices, 2) enabling targeted and innovative financial practices and 3) strengthening

² World Bank. 2021. [Protecting nature could avert global economic losses of US\\$2.7 trillion per year.](#)

the enabling environment for long-term sustainability. Central to the action areas are forward-looking and innovative practices and diverse financing sources, aligning with the Adaptation Fund's (AF) Climate Innovation Accelerator (AFCIA)

Adaptation for Smallholder Agriculture Programme (ASAP+): strategic alignment with AFCIA

ASAP+ is a Trust Fund established within IFAD's financial architecture and is an important vehicle in driving forward the new strategy. ASAP+ addresses climate change-induced food insecurity. It builds the resilience of vulnerable communities with a focus on rural women, youth, Indigenous Peoples and other marginalised groups by unlocking climate finance for smallholder farmers, promoting farm-level innovations rooted in local contexts and catalysing partnerships with both the public and private sectors.

ASAP+ was established in 2021 building on the success of the programme's previous phases (ASAP1 and 2, established 2012) and leverages over a decade of results and learning in building the resilience and sustainability of small-scale farming systems. To date it remains the world's largest dedicated Trust Fund to climate adaptation in small-scale farming systems.

Through ASAP1, IFAD raised over US\$300 million in grant resources and channelled these through IFAD's broader investment portfolio, benefiting rural communities in over 40 countries. More than 7.2 million small-scale farmers have been made more climate resilient due to ASAP investments in climate adaptive practices.

Table 1 below highlights some of the results from ASAP 1.

	7 million beneficiaries with increased climate resilience
	400,000 beneficiaries with increased water security
	US\$ 125 million new or existing infrastructure made climate resilient
	1.6 million ha of land under climate resilient practices
	50 million tCO ₂ eq avoided or sequestered

Table 1. ASAP 1 Results

Investing in innovation has been a cornerstone of ASAP, which as a grant mechanism has been IFAD's risk-taking mechanism to invest in climate adaptation. This has helped IFAD demonstrate the viability and effectiveness of innovative adaptation initiatives and resulting in greater willingness to operationalize loans for adaptation action at scale. ASAP has successfully leveraged public and private climate finance, promoted nature-based solutions, implemented climate-resilient infrastructure and early warning systems while empowering marginalized communities including women, the youth and Indigenous Peoples. Box 1 below highlights some of the innovations supported through ASAP.

1) Climate-sensitive innovations in Viet Nam's Mekong Delta

ASAP investments in the Adaptation to Climate Change in the Mekong Delta in Ben Tre and Tra Vinh provinces (AMD) Project in Viet Nam helped kick-start and institutionalize climate adaptation initiatives by combining piloting of innovations with capacity building and policy engagement for lasting impact. 130 locally relevant innovations centered on novel salinity monitoring tools and integration with early warning systems were tested and piloted across three agroecological salinity zones. The project held extensive consultations with local actors including communities, government and the private sector to demonstrate the viability of these innovations and ensure that farmers have the confidence to adopt new practices. ASAP also facilitated the inclusion of these innovations in provincial policies ensuring that future public and private investments could be aligned with these frameworks for greater impact.

Resources: [IFAD, 2023. ASAP Innovations, Policy and Scaling.](#)

2) Sustainable management of natural resources in Sudan's Butana region

In Sudan, ASAP provided an entry-point for approaches focused on nature-based solutions that generated benefits for both biodiversity and the community. By implementing a natural resources governance framework (NRGF) through the Butana Integrated Rural Development Project (BIRDP), ASAP empowered communities to sustainably manage natural resources in the target areas and reduce conflicts amongst settled farmers and transhumant pastoralists. This led to the development and creation of range reserves and communal forests, the construction and rehabilitation of water structures, the demarcation of 2,000 km of fire lines in community forests and the introduction of drought resistant fodder plants as part of the project's agroforestry initiatives, resulting in increased climate resilience and reduced resource conflict.

Resources: [IFAD, 2021. ASAP Technical Series: Nature-based Solutions.](#)

Box 1: ASAP Innovations

A key mechanism of ASAP is to increase climate resilience and maximize adaptation benefits has been the integration of modern approaches with traditional or Indigenous knowledge. Through participatory approaches and by recognizing and incorporating this knowledge in climate adaptation strategies and approaches ASAP has been empowering indigenous peoples. Box 2 below presents a case study to show how ASAP has empowered Indigenous Peoples in Indonesia. Indigenous Peoples are recognized as key agents in global climate action due to their deep connection with the land and ecosystems. ASAP, where contextually appropriate, has leveraged their unique knowledge systems to promote climate action and biodiversity conservation while enhancing their livelihoods.

Leveraging traditional knowledge to drive climate action in Indonesia

In Indonesia ASAP2 investments in the Results-based Management for Rural Transformation project facilitate a partnership with the Indigenous Peoples' Alliance of the Archipelago to empower communities in East Nusa Tenggara and North Kalimantan. The project integrated traditional knowledge with modern renewable energy technology to safeguard water resources while ensuring local ownership and fostering long-term resilience. ASAP+ will continue to invest in and empower indigenous people to build resilience against climate change through its collaboration with the Indigenous Peoples Assistance Facility (IPAF).

IPAF is an innovative funding instrument that Indigenous Peoples' communities can use to find solutions to the challenges they face. Through IPAF, IFAD directly finances projects designed and led by indigenous communities, allowing them to choose the most suitable interventions based on their traditional values and environmental knowledge. Since 2007, IPAF has financed 159 projects across 54 countries. The latest replenishment, IPAF6, focuses on enhancing Indigenous Peoples' efforts in conservation and sustainable biodiversity management to adapt to and build resilience against climate change. IFAD will continue to strengthen IPAF, in particular as a channel for providing direct access to climate finance to Indigenous Peoples.

Resources: [IFAD, 2024. A decade of Innovation: Achievements and Opportunities in Climate](#)

Box 2: Empowering Indigenous Peoples through innovation integration under ASAP

Building on ASAP 1 and 2, ASAP + is designed to increase the climate resilience of 10 million vulnerable people, particularly women and youth, and thus bring about an increase in food and nutrition security in low-income countries. To do that, the new strategic approach of ASAP+ over the period of 2025 to 2028 will target investments across six impact areas:

- 1. Nature-based solutions:** Potential to enhance climate change adaptation, biodiversity and societal challenges through innovative solutions based on natural resource management and conservation
- 2. Financial instruments for adaptation:** Development of long-term adaptation financing models to crowd-in finance.
- 3. The climate-gender-nutrition nexus:** Recognition of the gender-differentiated impacts of climate change and use of gender-sensitive approaches to improve food and nutritional security for both genders.
- 4. Market based mechanisms:** Pioneering frameworks and increasing linkages of existing mechanisms to climate-resilient agricultural practices to increase revenue at the farm-level.
- 5. Climate information services:** Provide timely, relevant and contextualized climate information to smallholder farmers for greater impact.
- 6. Impact accelerator lab.** Drive transformative change through innovative adaptation solutions.

In line with *Action Area 6 Impact Accelerator Lab*, this proposal aims to identify, invest in and scale innovative solutions that are urgently needed to address the impacts of climate change on small-scale farming systems. ASAP+ will leverage technological advancements, data-driven insights, and collaborative partnerships, to drive research and development for transformative change, integrating traditional knowledge and practices with modern technologies to create sustainable and equitable agricultural systems. Innovations to be financed under this proposal will target populations that face the greatest challenges in terms of climate vulnerability, rural poverty, fragility, institutional capacity and food insecurity, In line with IFAD's targeting policy. Further, it will leverage IFAD's wider investment portfolio to scale successful innovations supported through the AFCIA grant.

Project / Programme Objectives:

The ASAP+ Adaptation Innovation Centre will target three interlinked Objectives to catalyse innovation of climate adaptation technologies and practices at farm-level and provide the relevant evidence and knowledge base to scale these innovations through IFAD's wider investments and operations.

These Objectives directly align with the AF Mid Term Strategy 2023-2027 Pillar 2 through driving innovation and risk taking via the utilisation of grants, and Pillar 3 through directly increasing knowledge of locally led adaptation, inclusive of Indigenous knowledge, and increasing partnerships for knowledge sharing through IFAD's internal intergovernmental network and IFAD's engagement through the South-South Triangular Cooperation (SSTC).

Objective 1: Catalyse new climate resilient technologies and practices through financing of innovative grant proposals.

Alignment with AFCIA ER 1: New innovations and risk-taking encouraged and accelerated

The Objective will invest in research and development of new innovative technologies and de-risk the piloting of practices and technologies in new contexts (fostering greater inter regional coordination and innovation). It will drive transformative change by i) developing new technologies and practices and ii) integrating traditional and Indigenous knowledge and practices with modern technologies, supported by data-driven insights and collaborative partnerships. Grants will be used to enable targeted institutions/grantees to take on risks and catalyse and institutionalize new climate adaptation solutions that address the significant threats climate change poses to small-scale agriculture yields and markets.

Objective 2: Knowledge generation and dissemination of successful innovations and lessons learned.

Alignment with AFCIA ER 4: Evidence base generated and shared

Alignment with AFCIA ER 3: Access and capacities enhanced for designing and implementing innovation

The objective will utilise ASAP+ and IFAD's wider Monitoring and Evaluation System to evaluate the impact of innovation grants to identify successful innovations for scaling under Objective 3. Further, the Objective will develop succinct and targeted knowledge products for publication in a

public location to showcase best practices and lessons learned from innovation grants under Objective 1. The programme will foster learning, awareness raising and knowledge generation at the grassroots level through plugged in to IFAD’s peer-to-peer and community platforms. This will enable dissemination of critical knowledge of innovations to facilitate replication at scale or in new contexts for long-term adaptation to climate change. Importantly, this will build into IFAD’s partnership with SSTC, supporting interregional knowledge transfer to foster increased uptake of innovations. All knowledge disseminated will comply with IFAD and AF rules on intellectual property and other relevant policies.

Objective 3: Scaling successful innovations through linkage to IFAD’s wider investment portfolio.

Alignment with AFCIA ER 2: Successful innovations replicated and scaled up

Successful innovations will be identified and promoted through IFAD’s Programme of Loans and Grants, ensuring that proven concepts move beyond piloting to reach a larger number of beneficiaries by leveraging IFAD’s concessional loans, and its financial and operational infrastructure. Scaling will target both i) IFAD’s sovereign operations, embedding innovations in nationally led initiatives to foster greater uptake and buy in at national levels and ii) non-sovereign operations to embed suitable technologies into public-private-producer partnerships to accelerate private sector uptake of proven innovative and risk reducing climate-oriented technologies.

Project/Programme Components	Expected Outcomes	Expected Outputs	Amount (US\$)
<p>Component 1</p> <p>Innovation Accelerator Grants</p>	<p>Outcome 1.1</p> <p>Small-scale farmers, including women and youth, as well as Indigenous Peoples / Communities have increased access to innovative technologies and practices that reduce their vulnerability to climate change impacts.</p> <p><i>Aligns with AF Strategic Result Framework (SRF) Outcome 8 and the AFCIA ER 1</i></p>	<p>Output 1.1.1</p> <p>A portfolio of grants is disbursed to finance locally led, innovative actions that develop and pilot climate-adaptive technologies and practices</p> <p>Output 1.1.2</p> <p>50 per cent* of grants actively incentivize or prioritize gender-responsive solutions, support Indigenous Peoples or encourage youth entrepreneurship directly addressing the unique climate-related challenges faced by these groups.</p> <p>Output 1.1.3</p> <p>New and/or context-specific climate-adaptive technologies and practices are piloted and tested</p>	<p>\$6,404,494</p>

		<p>across agro-ecological zones to assess their effectiveness and scalability.</p> <p>Aligns with AF SRF 8.1</p>	
<p>Component 2</p> <p>Evidence Generation and Dissemination</p>	<p>Outcome 2.1</p> <p>Strengthened awareness and national/local ownership of innovative climate adaptation and climate risk reduction technologies and practices through dissemination of evidence and knowledge.</p> <p><i>Aligns with AF SRF 3 and 8 and AFCIA ER 4</i></p>	<p>Output 2.1.1</p> <p>Evidence-based knowledge products, including success factors and critical learnings from the grants, are developed and disseminated to key stakeholders.</p> <p>Output 2.1.2</p> <p>Community-level, peer-to-peer platforms are utilized to facilitate learning, knowledge sharing, and dissemination of successful innovative adaptation solutions at local levels.</p> <p>Output 2.1.3</p> <p>Successful innovations and practices are systematized, documented, and shared at the National and Inter-regional levels to increase adoption and uptake at scale through SSTC.</p> <p>Aligns with AF SRF 3.2 and 8.2</p>	\$1,280,899
<p>Component 3</p> <p>Scaling and replication across IFAD Programme of Loans and Grants (PoLG)</p>	<p>Outcome 3.1</p> <p>Viable innovative adaptation technologies and practices are scaled and replicated into national-scale investment projects under IFAD's PoLG</p> <p><i>Aligns with AF SRF 4, 5 and 6 as well as AFCIA ER 2</i></p>	<p>Output 3.1.1</p> <p>Clear, evidence-based criteria for scaling are defined, and suitable IFAD projects are identified to mainstream successful innovations</p> <p>Output 3.1.2</p> <p>Targeted technical assistance is provided to IFAD's PoLG to ensure effective integration of proven innovations into their country-level investment projects at design.</p> <p>Aligns with AF SRF 4.1, 5.1 and 6.1</p>	\$853,933

Project/Programme Execution cost	\$ 788,539
Total Project/Programme	\$ 9,327,865
Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable) Cost	\$ 672,135
Amount of Financing Requested	\$ 10,000,000

* Figure to be evaluated and potentially adjusted based on consultations at full proposal development if selected.

Adaptation Fund Strategic Results Framework (SRF) Alignment Key:

- AF Strategic Results Framework Outcomes 3, 4, 5, 6, and 8 with corresponding outputs

Component 1 → SRF Outcome 8: The Innovation Accelerator Grants are fundamentally about developing new technologies and piloting innovations, aligning with Outcome 8's focus on "development and diffusion of innovative adaptation practices" with output 8.1 focused on "rolling out innovations" in line with the objective of component 1.

Component 2 → SRF Outcome 3 and 8: The Evidence Generation component focuses on knowledge management and dissemination, directly supporting Outcome 3 "strengthened awareness and ownership" of adaptation processes through evidence-based learning and peer-to-peer knowledge sharing. It also aligns with **Outcome 8** – specifically output 8.2 that focused on the development of knowledge products and "diffusion" of knowledge.

Component 3 → SRF Outcomes 4, 5, and 6: This component focuses on the comprehensive nature of scaling successful innovations through the IFAD PoLG, which requires a multi-outcome approach for impact measurement across several result areas. It addresses **Outcome 4**, which targets infrastructure and development services, **Outcome 5**, which covers ecosystem resilience, and **Outcome 6**, which focuses on livelihood strengthening. This multi-outcome approach and respective outputs is important as it covers the breadth of benefits in which climate innovations can be scaled across agricultural value chains – namely farm-level beneficiaries, infrastructure and services, and ecosystems.

Project Duration: 6 years

PART II: PROJECT / PROGRAMME JUSTIFICATION

Project / Programme Components and Financing:

The Adaptation Innovation Centre will target a total of US\$ 10million. This will finance three components targeted to achieve the objectives highlighted above.

Component 1 – Innovation Accelerator Grants

This component will be the core of the proposal, providing grants of USD 75,000 to USD 250,000. These grants will fund national or sub national organisations and institutions (see implementation arrangements section) to drive the development of context specific and tailored innovations targeting small-scale farming systems. These interventions will contribute to resilience by directly empowering small-scale farmers, with the highest climate vulnerability, and Indigenous Communities to have access to technologies and practices that reduce their vulnerability to climate shocks and stressors. Innovations will aim at developing new technologies and practices or piloting known innovations in new contexts (which has inherent risk) where there is no current evidence base of success to date. Fundamentally, the use for grants will reduce financial risk and encourage recipients to innovate ambitious new technologies or processes. Grants will be executed in line with IFAD's established grant procedures which is in line with its accreditation to the AF.

Consistent with ASAP+'s comparative advantage in supporting climate adaptation initiatives for small-scale farming systems, grants from this financing window will be allocated to innovations within the categories below (noting these may be refined during full proposal development), with particular emphasis on addressing climate-related challenges faced by small-scale farmers. As per Outcome 1.1 presented above, emphasis (50 per cent target at present) will be placed on innovations that support gender-responsive solutions, support Indigenous Peoples or encourage youth entrepreneurship where appropriate.

- Low cost and resource efficient climate adaptive farming technologies
- Integration of Indigenous knowledge with modern farming practices and technologies
- Advancement of nature-based solution (NbS) and agroecology approaches
- Integrated climate resilient pest and disease management approaches
- Climate adaptive post-harvest and storage practices and technologies
- Renewable energy technology integration into small-scale farming systems
- Digital advisories and dissemination mechanisms for climate information services

Component 2 – Evidence Generation and Dissemination

Utilising IFAD's established and robust knowledge management systems, this component will support the comprehensive assessment of innovations financed under component 1. Detailed evaluations will be carried out at the closing date of each grant to assess success factors and areas of critical learning for enhancement. The component will then develop succinct knowledge products from these findings, which will be disseminated across IFAD's regional operational and technical divisions and shared with the Adaptation Fund.

At the grassroots level, this component will facilitate learning and awareness raising of successful innovative adaptation solutions through community level peer-to-peer platforms to provide a space for active knowledge sharing and dissemination of best practices through different learning tools including local champions, storytelling and learning events. Training in knowledge management will also be facilitated through these platforms as it is critical for capturing and disseminating knowledge. The goal is for successful innovations and practices to be systematized, disseminated and adoption/uptake increased at local levels. To facilitate replication of successful adaptation innovations at a global level, this approach will also be directly linked to the SSTC platform.

Component 3 – Scaling and replication across IFAD Programme of Loans and Grants (PoLG)

This component establishes a practical pathway for scaling successful innovations from the project's pilot activities into IFAD's larger PoLG. It will define clear, evidence-based criteria for inclusion into operations, identify suitable projects across IFAD's pipeline to mainstream proven innovations into national scale operations, and provide targeted technical assistance to ensure their effective integration into country-level investment projects through design processes. This systematic approach ensures that successful innovations move beyond the pilot stage to achieve widespread impact, ultimately reaching a larger number of smallholder farmers and strengthening their climate resilience.

Strategic Alignment and Justification

The proposed ASAP+ Adaptation Innovation Centre, is strategically designed to address the significant threats that climate change poses to small-scale agriculture systems. Through ASAP+'s established Trust Fund mechanism, the Centre will act as a crucial catalyst for innovation, focusing on "high-risk, high reward" ideas that are often too nascent and perceived as too risk for traditional large-scale projects or loan resources offered by International Financial Institutions or Multilateral Development Banks. It specifically targets innovations for small-scale farming systems and emphasises Indigenous Peoples knowledge and targeting, increasing the specificity of interventions and reducing overlap with other initiatives.

The programme is structured around three interlinked objectives, directly aligning with the Adaptation Fund's MTS, its Strategic Results Framework and the AFCIA ERs 1-4. Specifically, Objective 1 will finance innovative grant proposals to catalyse new climate-resilient technologies and practices, including the integration of traditional and Indigenous knowledge with modern solutions. This approach not only supports concrete adaptation activities but also fosters a pipeline of innovations and drives systemic change in rural livelihoods, in line with ER 1.

The Centre further enhances value by facilitating the application of successful innovations across various settings and integrating with IFAD's established knowledge systems. Through Objective 2, the project will harness advanced monitoring and evaluation tools to document outcomes and distil best practices for wider benefit. This will result in succinct knowledge products for IFAD's regional divisions and the Adaptation Fund and will be linked to the South-South and Triangular Cooperation (SSTC) platform to facilitate global replication. The ultimate goal is to provide the evidence and knowledge base necessary to scale these innovations in line with ER 3 and 4 of the AFCIA.

Further, the Centre will be positioned to scale successful innovation directly through IFAD's wider portfolio level investments through Objective 3. This will allow proven concepts to move beyond the pilot phase and be embedded into both sovereign or non-sovereign operations, thereby leveraging IFAD's concessional loans and financial infrastructure to reach a larger number of beneficiaries and accelerate uptake of innovative climate-oriented technologies and practices in the sector. This aligns with AFCIA ER 2. The grant thus represents a catalytic investment that will unlock and mobilize much larger flows of climate finance for adaptation in the future.

The programme is designed in alignment with the five principles of the UNFCCC Technology Framework. At the outset, the programme recognizes the critical role of innovation in addressing complex challenges such as climate change. Investing in climate innovations can help make small-scale farmers more resilient in the face of the shocks they face. Component 1 will facilitate the implementation of innovations by de-risking the development and piloting of innovative solutions

and fostering an enabling environment for the uptake and scaling of innovations. This will also be facilitated through a co-creative process whereby local communities are actively engaged across the programme cycle and traditional knowledge is integrated with modern technologies. Component 2 sets out the approach for ensuring that learning, capacity-building and knowledge sharing is actively promoted enabling the diffusion of best practices and through peer-to-peer learning and awareness raising. Lastly, collaboration and stakeholder engagement is a cornerstone for scaling innovations and the programme will catalyse partnerships with the private sector and other actors to increase the uptake of proven innovative and risk reducing climate-oriented innovations. The programme will also leverage IFAD's partnership with SSTC to disseminate evidence-based knowledge and learnings so innovations can be replicated across regions.

Cost Effectiveness

The use of IFAD's established protocols under its ASAP+ programme contributes to cost-effectiveness. The programme operates through a globally administered grant mechanism, which aims for more efficient resource allocation compared to separate, smaller projects in individual countries. This approach relies on IFAD's existing financial infrastructure and utilizes the technical expertise within the ECG division for technical assistance, reducing overhead costs. Additionally, by being part of IFAD, component 3 connects directly to IFAD's broader investment portfolio, potentially leveraging its over US\$2 billion portfolio to scale innovations at a global level with minimal design costs.

The unified knowledge management component supports cross-country learning, enabling successful approaches in one region to be applied and tested in others without duplicating efforts. IFAD's Monitoring and Evaluation (M&E) framework facilitates data aggregation and helps identify global trends and best practices, thereby strengthening the evidence base for decision-making without the need for development of new systems or protocols.

Alignment with national priorities and strategies

IFAD projects, including those under ASAP+, are designed based on the country strategic opportunities programmes (COSOP), ensuring that they respond to the country's needs and demand. COSOPs are anchored in national priorities and national development strategies and provide a framework for IFAD's engagement in the country. They are developed through a consultative process together with the government and relevant stakeholders to ensure country ownership.

All COSOPs are also aligned with National Determined Contributions (NDCs), National Adaptation Plans (NAPs) and national biodiversity strategies and action plans (NBSAPs) as these are central to the country's programmatic approach. This helps ensure that project interventions focused on adaptation and resilience building are context-specific and based on local climate risk scenarios and ecological conditions. Action area 3.1 of IFAD's Climate, Environment and Biodiversity Strategy also highlights the importance of designing operations that are contextually appropriate and aligned with IFAD's mission to transform rural economies while helping countries in the implementation of national development plans.

Knowledge management and learning

The programme will leverage IFAD's existing M&E and knowledge management systems to capture and share evidence and lessons generated through the activities of the programme. A knowledge management and communication plan will be developed during the inception phase, outlining specific activities, knowledge products and dissemination channels in line with the target audience and IFAD procedures. Results will be monitored through project-level M&E systems during implementation and the data received will be consolidated in IFAD's Operational Results Management System. IFAD has a system for capturing the lessons learned from its regular programmes and this will be leveraged to capture lessons from the innovations. IFAD established communication platforms and the ASAP microsite will be used to disseminate programme results and lessons as appropriate while linkage through SSTC will be made through the ECG focal point to support external knowledge dissemination.

Compliance with social, environmental and climate procedures and targeting

All IFAD grants are required to comply with IFAD's Social, Environmental and Climate Assessment Procedures (SECAP) ensuring that potential risks and impacts are managed appropriately and mainstreaming considerations are integrated into the project. IFAD's SECAP standards were reviewed by the AF during its accreditation and reaccreditation processes. SECAP risk screening helps IFAD identify social, environmental and climate risks and impacts and their significance and determine the level of risk management required to address the risks and impacts associated with IFAD projects. SECAP also helps identify opportunities to mainstream climate, nutrition, gender equality and the empowerment of women, youth and other vulnerable groups (Indigenous Peoples and persons with disabilities) into IFAD programmes and strengthen the social, environmental and climate dimensions of projects to maximize development impact.

In addition to IFAD SECAP, the programme will be screened against the Environmental and Social Policy and ESP Principles of the AF to ensure that it is fully aligned. During design, potential risks and impacts will be identified and assessed proactively through SECAP and Environmental, Social and Climate Management Plans will be developed as needed based on the risk classification of the programme to ensure that it is implemented in line with IFAD SECAP and AF ESP Principles, local regulations and industry best practices. No Category A investments will be funded by the Centre. During implementation, project monitoring and IFAD supervision will track the implementation and performance of the social, environmental and climate adaptation or mitigation measures (including adaptive management processes) included in the Environmental, Social and Climate Management Plans. At completion, an evaluation of the programme's environmental and social impacts will be conducted reporting on any issues encountered during implementation providing insights into any problems arising during the project life cycle, and their solutions.

In accordance with both IFAD's policies on targeting, gender equality and women's empowerment and engagement with indigenous peoples and the Adaptation Fund's Environmental and Social Principles and Gender Policy the programme will undertake consultation with target groups, communities and other stakeholders in an open, inclusive and non-discriminatory manner and ensure their active engagement throughout the project cycle. Given that one of the potential focus areas of this programme is on innovations that integrate indigenous knowledge with modern technologies, the programme will be designed with the full, effective and meaningful participation of indigenous peoples and with the objective of seeking their free, prior and informed consent (FPIC). This is in line with both IFAD's Policy on Engagement with Indigenous Peoples and the AF Environmental and Social Principle on Indigenous Peoples.

Gender and Vulnerable Group Dimensions

IFAD is committed to rural transformation through equitable, sustainable and inclusive development. IFAD's target group are people living in poverty in rural areas as well as vulnerable populations at risk of falling into poverty in rural geographies, with continuing priority on the poorest and most excluded, including those who are food insecure. IFAD's revised Poverty Targeting Policy approved in 2023 reaffirms the Fund's commitment to its target group and ensures that IFAD's funded operations are relevant and effective in identifying, reaching, benefiting and empowering poor and vulnerable rural women, men, boys and girls in all their diversity.

Regarding gender considerations, IFAD is committed to deepening its engagement on gender equality and women's empowerment (GEWE). Gender equality is mainstreamed in 100 per cent of country strategies and IFAD operations, while IFAD also pursues ambitious approaches to achieve transformative outcomes on GEWE. GEWE is critical to ASAP and since ASAP1 it has been integrated into the results framework of ASAP, with all projects assessing gender equality and inclusion entry points. This is supported under IFAD's current replenishment cycle (IFAD13 2025-2027) which has set a target of 35 per cent of new projects designed to achieve transformative outcomes on GEWE.

Sustainability and scale-up

The sustainability of the programme rests on the empowerment of the communities it will support through the development of innovative, cost-effective and long-lasting solutions that will help build their resilience to climate change. Component 2 of the programme focuses on knowledge sharing, awareness raising and learning with the aim of fostering community ownership and ensuring the uptake of innovations. Community consultations and participatory approaches will be key in ensuring that innovative solutions not only respond to the needs and challenges of the communities but are co-designed and build on their knowledge and traditional systems resulting in higher levels of community ownership. This ensures that project interventions and the innovations promoted have a lasting and positive impact on the lives of the beneficiaries and are more likely to be adopted and scaled.

Component 3 of the programme is the primary point of scaling innovations and specifically focuses on the scaling of innovative solutions through IFAD's PoLG. Two approaches will be pursued in parallel to ensure scaling is achieved: 1) mainstreaming innovations in nationally led initiatives which can foster greater uptake and buy in at national levels, and 2) embedding suitable technologies into public-private-producer-partnership to accelerate private sector uptake of proven innovative and risk reducing climate-oriented technologies. Through this approach proof of concept will be established for successful innovations, increasing uptake and adoption of technologies and practices an increasing willingness to pay from users. This will support the long-term sustainability of interventions.

Moreover, by sharing successful innovations and lessons learned, including with external partners, IFAD can promote the widespread adoption of innovative adaptation solutions and their scaling by partners and governments.

PART III: IMPLEMENTATION ARRANGEMENTS

Management structure

The ASAP+ Adaptation Innovation Centre will be managed under IFAD's ASAP+ Trust Fund, with resources received under a specific fund code to enable accurate tracking of resources. The dedicated ASAP+ team, housed within IFAD's Environment, Climate, Gender, and Social Inclusion (ECG) Division, will oversee the day-to-day operations of the Centre. To support the management of operations and functions, a dedicated Grant Manager, a Monitoring and Evaluation (M&E) Officer, and a Financial and Administrative Assistant will be funded by the AFCIA grant. These positions will ensure smooth operations of the programme as well as meeting reporting requirements to the AF.

By being situated within ASAP+ and the ECG Division, the Adaptation Innovation Centre will leverage IFAD's in-house technical capacity in climate resilience and adaptation. It will also connect with the ECG's knowledge management team to facilitate the generation and dissemination of knowledge across IFAD's operational units. This process will be led by the Centre's M&E Officer.

This strategic placement ensures that the Adaptation Innovation Centre is well-positioned to scale its operations by aligning with IFAD's PoLG, as the ECG Division is responsible for integrating climate resilience and adaptation interventions into the IFAD pipeline. Through this, ECG Technical Specialists will engage at regional and country level with IFAD's Department of County Operations (DCO) focal points to ensure that innovations are taken up for scaling under IFAD designs. Crucially, this will follow IFAD design procedures which ensure country leadership of designs. Consequently, uptake of all scaling activities will be endorsed by national governments and aligned to NDCs and NAPs as indicated above.

Grant Implementation and Fiduciary Oversight

The implementation of Component 1 will follow IFAD's established grant procedures. This process begins with a call for Expressions of Interest for grant applications. A technical review panel will assess applications against specific criteria, policies, and guidelines to meet IFAD's high-quality standards. Final decisions will be made by the relevant approval committee. Crucially, all grant applications will be fully aligned with IFAD's SECAP, which have been reviewed and endorsed by the AF during IFAD's reaccreditation.

Financial flows for sub-grants will adhere to IFAD's robust financial management procedures and policies. Prior to entering into a formal grant agreement, a thorough due diligence process will be conducted on all grantees. Funds will then be transferred to designated accounts under legally binding grant agreement, ensuring appropriate fiduciary oversight and transparency on financial and results reporting required for the Adaptation Fund's resources.

Through Component 1 grants will aim to empower a diverse range of local-level institutions that are critical for driving innovation in climate adaptation in rural settings. This approach ensures that funding directly reaches entities with deep local knowledge and a strong incentive to develop and scale context-specific solutions. In line with this, the centre will provisionally target the following eligible institution categories:

- Local and national universities and research institutions
- Public research institutions
- Farmers' organizations and cooperatives
- Rural financial institutions

- Local technology firms
- Community-based organizations and NGOs
- Indigenous peoples' organizations

Noting that additional institutions may be included following full consultations and studies carried out at full design stage if this proposal is successful.

Funding Proposal Template

Application Template for Pre-Concept Proposal



ADAPTATION FUND

PROGRAMME ON INNOVATION: LARGE GRANTS PROJECTS

REQUEST FOR PROJECT FUNDING FROM THE ADAPTATION FUND

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

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 must be fully prepared when the request is submitted.

Complete documentation should be sent to:

The Adaptation Fund Board Secretariat
1818 H Street NW
MSN N7-700
Washington, D.C., 20433
U.S.A
Fax: +1 (202) 522-3240/5
Email: afbsec@adaptation-fund.org



ADAPTATION FUND

PRE-CONCEPT FOR A REGIONAL INNOVATION PROJECT/PROGRAMME

EXPRESSION OF INTEREST FOR THE WORLD BANK REGIONAL ADAPTATION INNOVATION FINANCING FACILITY IN LATIN AMERICA AND CARIBBEAN (LAC)

PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme: Financing Facility	World Bank LAC Regional Adaptation Innovation
Countries:	LAC IDA/IBRD Countries (Regional)
Thematic Focal Area:	Cross-sectoral Innovative Adaptation Financing
Type of Implementing Entity:	Multilateral Implementing Entity (MIE)
Implementing Entity:	The World Bank Group
Executing Entities:	Governments, National/Local Institutions
Amount of Financing Requested:	US\$ 27,125,000 (in U.S Dollars Equivalent)

Project / Programme Background and Context:

There is a major disconnect between the adaptation needs and innovative solutions of local actors in Latin America and the Caribbean (LAC) and the availability and accessibility of suitable financing. While the global adaptation market is projected to reach USD 2 trillion by 2026¹, less than 10% of climate finance from major funds reaches the local level, including communities and small enterprises that are often the frontline responders to climate impacts^{2,3}. This financing gap is especially stark in LAC, where adaptation finance represents only about 12% of total climate finance flows, far below regional needs, which are estimated at over USD 87 billion annually between 2023 and 2030⁴. Modelled adaptation costs in LAC already reached USD 72.2 billion per year as of 2022, while finance needs are projected at USD 55.2 billion annually through 2030. Yet average annual adaptation finance flows to the region remain below USD 6 billion. Compared to Africa, which receives about 30% of global adaptation finance, and Asia (~25%), LAC's share is disproportionately low despite its significant exposure to climate hazards⁵. The gap is driven by high perceived risks, limited investor awareness, and a lack of bankable projects, barriers that are particularly acute for the private sector.

Multilateral Development Banks (MDBs) like the World Bank often face high transaction costs in managing the small-scale, locally led activities that many adaptation innovators require to kick-start or scale their solutions. To address this, the proposed funding facility introduces innovations in delegated management and blended finance. It channels funding through a few selected World Bank, financed operations, which partner with national or local delivery entities responsible for grant selection and execution. This model not only strengthens local capacities and institutional delivery but also improves operational efficiency and creates pathways to scale locally led adaptation in a more programmatic and systemic manner. In line with the COP26 commitment to increase direct access to climate finance for marginalized communities, the facility also aims to support more equitable access for Indigenous Peoples⁶, Afro-descendant communities, community-based organizations, cooperatives, women- and youth-led enterprises, and locally owned small and medium-sized enterprises (SMEs). Despite being at the forefront of any climate action, these groups often face heightened institutional and administrative barriers to funding, including complex eligibility criteria and limited recognition of their governance systems⁷. By embedding inclusive approaches and engaging trusted local entities, the facility offers potential to expand direct finance channels and ensure that community-led adaptation efforts, rooted in local knowledge and priorities, are meaningfully supported.

Project / Programme Objectives:

To establish a regional Adaptation Innovation Financing Facility that mobilizes and channels public and private capital, de-risks investments to attract financing, and supports a portfolio of high-impact, locally led adaptation solutions focused on the most vulnerable communities,

¹ World Economic Forum (WEF). (2022). Climate adaptation is a \$2 trillion market – here's how to unlock it. <https://www.weforum.org>

² European Investment Bank (EIB). (2024). Climate Financing in Latin America and the Caribbean.

³ OECD. (2023). Making Climate Finance Work for Local Actors.

⁴ Climate Policy Initiative (CPI). (2023). Landscape of Climate Finance in Latin America and the Caribbean.

⁵ UNEP. (2023). Adaptation Gap Report 2023: Underfinanced. Underprepared. Nairobi.

⁶ Kober Gonçalves, V., Ribeiro, T. L., Inoue, C. Y. A., & Lins, J. (2024). Indigenous climate finance and the worlding of International Relations: climate justice in motion. *International Relations*.

⁷ State of Funding for Tenure Rights and Forest Guardianship" (2024). Donor Funding for Indigenous Peoples, Local Communities, and Afro-Descendant Peoples in Tropical Forested Countries (2011–2023). Rights and Resources Initiative.

including Indigenous Peoples, Afro-descendant communities, community-based organizations, cooperatives, women- and youth-led enterprises, and SMEs, across Latin America and the Caribbean, driving climate resilience through a portfolio of innovative projects tailored to regional needs.

Project / Programme Components and Financing:

Project/Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (US\$)
<p>1. Accelerating Innovation Delivery via Adaptation Financing Facility (A1)</p>	<p>Enhanced resilience and adaptation of communities and beneficiaries, supported through increased access to tailored finance for culturally relevant and locally led solutions that foster the testing and scaling of new or improved approaches to address climate vulnerabilities and systemic risks.</p>	<p>1.1. 70 small grants awarded to local actors (e.g., Indigenous Peoples, Afro-descendant communities, community-based organizations, cooperatives, women- and youth-led enterprises, and SMEs)</p> <p>1.2 Piloting of at least three innovative financial instruments, such as reimbursable grants, concessional loans, or results-based financing models, to support revenue-generating adaptation solutions and enable financial sustainability.</p> <p>1.3 Institutional capacity of at least five national or subnational entities (potential grant managers) strengthened through operational support and technical assistance to meet fiduciary, environmental, and social safeguard standards of the</p>	<p>LAC IBRD-IDA Countries (e.g., St. Vincent and the Grenadines, St. Lucia, Grenada, Dominica, Belize, Guatemala, El Salvador, Bolivia, Peru, Colombia, Brazil, Dominican Republic, Panama, other LAC IBRD-IDA Countries.)</p>	<p>US\$ 20,000,000</p>

		<p>World Bank, enhancing readiness for future direct access to climate finance.</p> <p>1.4 Competitive grant selection mechanisms operationalized in all participating investment operations, ensuring transparency, equity, and alignment with adaptation priorities.</p>		
<p>2. Innovation Incubation, Knowledge and Learning (A2)</p>	<p>Strengthened institutional capacity, knowledge-sharing, and policy integration of locally led adaptation</p>	<p>2.1 Tailored TA and pre-investment training delivered to grantees and prospective grant managers across participating countries, enhancing their institutional, fiduciary, and environmental and social management capacities.</p> <p>2.2 At least six regional knowledge-sharing activities implemented, including peer learning workshops, thematic knowledge exchanges, and South-South collaboration events, fostering cross-country dialogue and replication of successful adaptation innovations.</p> <p>2.3 Knowledge integrated into relevant national</p>	<p>LAC IBRD-IDA Countries (e.g., St. Vincent and the Grenadines, St. Lucia, Grenada, Dominica, Belize, Guatemala, El Salvador, Bolivia, Peru, Colombia, Brazil, Dominican Republic, Panama, other LAC IBRD-IDA Countries.)</p>	<p>US\$ 2,625,000</p>

		<p>dialogues and strategies</p> <p>2.4 Inputs and case studies contributed to AFCIA's global learning platforms and regional knowledge systems, including documentation of good practices, lessons learned, and innovative adaptation models from LAC countries.</p>	
3. Project/Programme Execution cost (B) (9.5%)			US\$ 2,375,000
4. Total Project/Programme Cost (A+B)			US\$ 25,000,000
5. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable) (8.5%) (C)			US\$ 2,125,000
Amount of Financing Requested (A+B+C)			US\$ 27,125,000

Project Duration: 7 years

PART II: PROJECT / PROGRAMME JUSTIFICATION

The diversity of climate vulnerabilities across LAC reveals stark contrasts in both exposure and adaptive capacity, demanding contextually responsive innovation pathways. For instance, highland areas in the Andes face intensified glacial retreat, disrupting water access for millions, while Central America contends with recurring droughts and food insecurity linked to the Central American Dry Corridor. Meanwhile, coastal lowlands throughout the region (from the Gulf of Guayaquil to the Mosquito Coast) suffer from recurrent flooding and saline intrusion, threatening biodiversity and livelihoods. These compounded stressors require differentiated adaptation strategies that integrate both scientific and traditional knowledge systems, and are rooted in the lived realities of vulnerable populations.

The rationale for localized and tailored approaches stems from the heterogeneous climate risks, ecological systems, and socio-political structures that characterize LAC. A singular policy blueprint risks overlooking how climatic events are filtered through local infrastructures, economies, and inequalities. For example, the same extreme rainfall event might cause severe landslides in steep, deforested terrain, yet trigger urban flash floods where drainage systems are underdeveloped. The differentiated impacts are further shaped by local governance capacity, tenure arrangements, and the historical marginalization of certain communities, such as Afrodescendant, Indigenous, or rural populations, who often reside in high-risk zones. As such, adaptation efforts must account not only for biophysical hazard profiles but also for localized patterns of vulnerability and institutional readiness.

Moreover, the pace and scale of climate disruptions in the region underscore the limitations of reactive, top-down interventions. Proactive resilience-building requires a granular understanding

of both risks and response capacity at multiple scales, from municipalities and watersheds to livelihood systems and informal settlements. This calls for flexible, iterative adaptation processes that can evolve with changing conditions and participation of affected populations. Ultimately, context-sensitive innovation is not just a design preference, but a necessity for effective, just, and sustainable climate adaptation in the LAC region.

Given this landscape of complex, multi-scalar vulnerabilities, effective adaptation in LAC hinges on the ability to support innovation that is deeply embedded in local realities. Traditional financing mechanisms often struggle to accommodate the granularity, flexibility, and risk tolerance needed to nurture such context-specific solutions. This is precisely the gap that the LAC Adaptation Innovation Financing Facility seeks to address. By channeling resources toward grassroots initiatives and enabling vulnerable communities to shape their own responses, the Facility operationalizes the principle that those closest to climate risks are also best placed to design transformative adaptation. It aims to accelerate the delivery and scale-up of locally led, innovative adaptation solutions across Latin America and the Caribbean, while reinforcing the resilience of both human systems and ecosystems. In doing so, the programme not only meets an urgent financial need, but also unlocks the bottom-up leadership and knowledge required to navigate a rapidly changing climate. The Facility's design, structured around two mutually reinforcing components, reflects this commitment to inclusive, adaptive, and place-based climate resilience:

Component 1: Innovation Delivery via the Adaptation Financing Facility: focuses on providing direct financial support through a competitive selection process for grant recipients (Figure 1). It delivers small grants of up to 250,000 United States dollars to support culturally appropriate, locally led adaptation solutions, with a strong emphasis on prioritizing funding to Indigenous Peoples, Afro-descendant communities, community-based organizations, cooperatives, women- and youth-led enterprises, and SMEs with strong community engagement or adaptation potential. These grants will be implemented in full compliance with the World Bank's operational, fiduciary, and environmental and social standards. This component will also pilot flexible financial instruments to test and scale high-potential, community-driven adaptation initiatives that may not otherwise attract traditional financing. Figure 1 illustrates the structure of the WB LAC Adaptation Innovation Financing Facility (LAC-AIFF). The Facility channels resources from the Adaptation Fund through the selected country-level and multi-country/regional projects. Under each project a grant manager (e.g., Organization A, B, or C) will be identified.

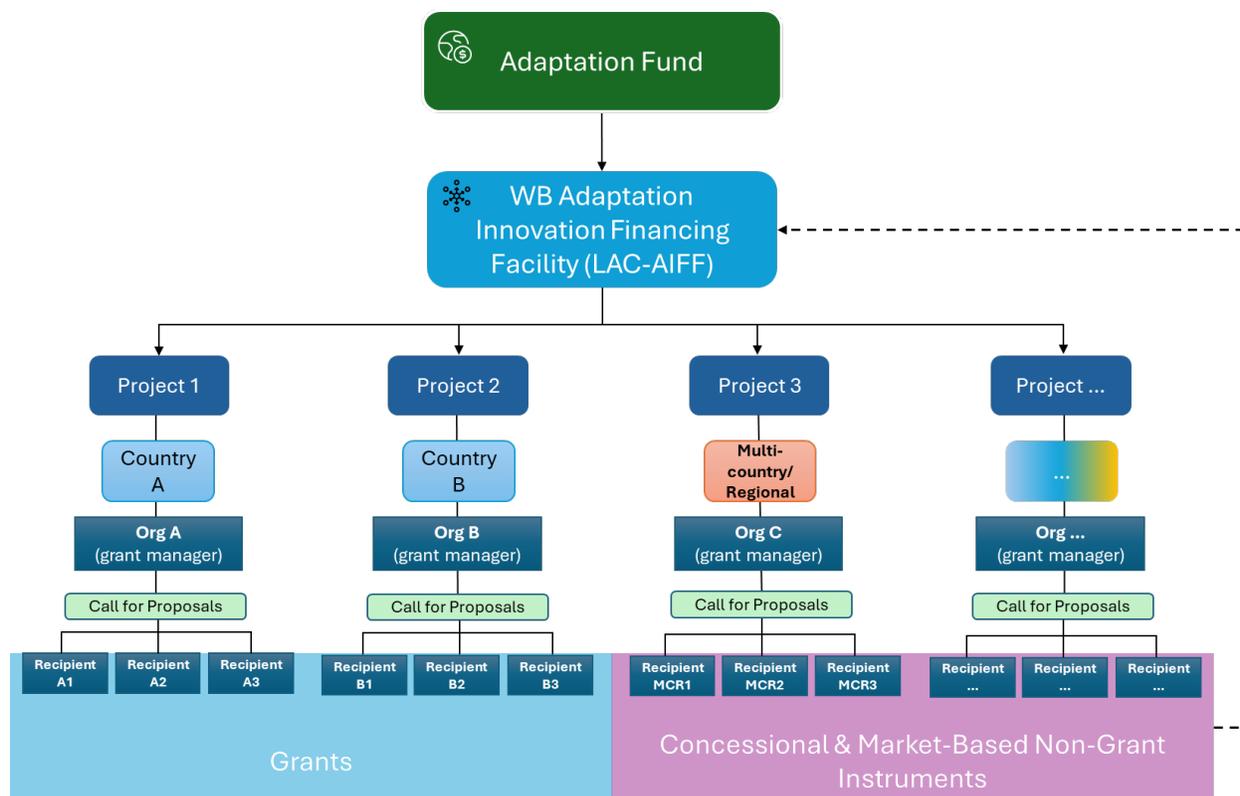


Figure 1 – Operational Structure of the LAC Adaptation Innovation Financing Facility (LAC-AIFF)

The table below (Table 1) presents a non-exhaustive and illustrative example list of potential adaptation projects aligned with Component 1. These initiatives are tailored for small-scale, locally led implementation and exemplify the diversity of climate challenges and grassroots responses across LAC. Each example outlines a potential grant recipient, the targeted adaptation outcome, and an appropriate financing modality.

Table 1 – Illustrative Adaptation Activities under Component 1: Innovation Delivery via the Adaptation Financing Facility

Project Title	Recipient	Adaptation Outcome	Financing Modality
Digital Climate Information for Coffee Growers in El Salvador	Smallholder coffee producer network	Enhances resilience to erratic rainfall and pest outbreaks by delivering real-time agro-climate forecasts and adaptive farming EWS	Grant
Alpaca-Based Resilient Livelihoods in Peru’s Highlands	Rural Indigenous herders’ cooperative	Strengthens adaptation to glacial retreat and pasture degradation through climate-smart fodder, herd health, and market resilience strategies	Grant
Rainwater Harvesting for Schools in Dry Zones of Nicaragua	Local education NGO in Chinandega	Increases water security and adaptive capacity to prolonged dry spells by capturing rainwater for multi-use school and garden systems	Grant

Early Warning and Flood Preparedness for Informal Settlements in Jamaica	Local disaster risk management committee	Builds adaptive capacity to flash flooding through localized alert systems, risk mapping, and community response mechanisms	Grant
Fire-Smart Agroforestry in Eastern Bolivia	Indigenous territory council in Chiquitanía region	Reduces vulnerability to wildfire and drought through strategic agroforestry buffers and native fire-adapted species	Grant
Low-Carbon Cold Storage for Market Access in Brazil	Rural women's farming cooperative in amazon region	Improves livelihoods and reduces climate-induced post-harvest losses through improved and solar-powered refrigeration	Reimbursable Grant
Wetland-Based Wastewater Treatment in Urban Panama	Urban environmental NGO	Enhances adaptive drainage and water quality management in flood-prone districts using decentralized, ecosystem-based filtration	Grant
Climate-Resilient Fisheries in Guyana's Coastal Communities	Artisanal fishers' federation	Protects livelihoods from sea level rise and marine ecosystem change through mangrove buffers and climate-adapted fishing techniques	Grant
Seed Banks for Drought-Resilient Crops in Honduras	Youth-led farming association in the Dry Corridor	Preserves agrobiodiversity and builds drought resilience by maintaining and distributing climate-hardy, locally adapted seed varieties	Grant
Urban Agroforestry for Food Security in Brazil	Community-based cooperative in the peripheries of Recife	Increases resilience to urban heat and food insecurity by integrating shade-producing trees and crops into degraded plots/remnants of Atlantic rainforest	Grant
Wetland Restoration and Water Governance in Peru's Amazon	Indigenous riverine federation in Loreto region	Mitigates flood risk and water stress by restoring natural wetlands and institutionalizing inclusive water governance	Grant
Waste-to-Resource Circular Economy for Informal Neighborhoods in Colombia	Youth environmental startup in Barranquilla	Reduces climate-exacerbated flooding and landfill burden by transforming organic waste into soil inputs for urban greening	Blended Finance
Mangrove Livelihood Resilience in Coastal Suriname	Maroon community cooperative in Commewijne District	Shields coastal zones from storm surge and erosion while diversifying income through sustainable mangrove-based enterprises	Grant
AI-Powered Flood Prediction Systems	Municipal data and emergency response units	Increases flood preparedness and reduces impacts through predictive AI analysis and early alerts	Grant
Modular Green Roofs for Urban Cooling	Urban planning NGO in Mexico City	Reduces urban heat and enhances rainwater retention by installing green roofing modules on public buildings	Grant

Renewable Energy Microgrids for Resilient Villages	Energy cooperative in remote Andean regions	Ensures uninterrupted power supply through solar-powered microgrids, enhancing community resilience to grid failure	Grant
Drought-Resistant Crops for Food Security	Agricultural research institute and local farmers in Guatemala	Boosts crop productivity and food security under water-scarce conditions using bio-engineered and indigenous seed varieties	Grant
Community Climate Adaptation Kits	Local NGO in Saint Lucia	Empowers households with toolkits that include emergency planning guides, seeds, and water filtration equipment	Grant
Innovative Insurance Schemes for Smallholder Farmers	Regional microinsurance provider in Central America	Reduces climate-induced livelihood losses through indexed insurance tailored to rainfall and crop cycles	Blended Finance

Component 2: Innovation Incubation, Knowledge and Learning: complements financial delivery by offering pre-investment training, technical assistance, and tailored capacity building for grant recipients and local entrepreneurs, particularly those from historically marginalized communities. It reinforces monitoring and evaluation systems, extracts and shares knowledge from impactful case studies, and facilitates peer-to-peer exchanges and South-South learning. This component also promotes the integration of local evidence and innovation into National Adaptation Plans, Technology Action Plans, and relevant policy processes, while contributing to global adaptation platforms and the AFCIA partnership mechanism to ensure that successful approaches are both scalable and replicable.

Table 2 presents a non-exhaustive and illustrative example list of concrete example activities aligned with Component 2. These activities emphasize capacity building, co-production, peer-to-peer exchange, policy integration, and knowledge dissemination, enabling innovations from Component 1 to scale and inform broader adaptation systems.

Table 2 – Illustrative Activities under Component 2: Innovation Incubation, Knowledge & Learning

Activity Title	Target Beneficiaries	Capacity / Learning Outcome	Delivery Modality
Peer Exchange Forums on Agroecology in Central America	Smallholder and youth farming groups	Shared learning on drought-adapted agroecological techniques	Facilitated peer-learning workshops
Knowledge Co-Production Labs with Indigenous Authorities	Indigenous federations in forested and highland regions	Co-design adaptation evidence into local and national plans	Multi-stakeholder workshops
Community of Practice and Regional Innovation Hubs	Grantee cohorts and national adaptation planners	Strengthened networks and continuity across innovators and implementers	Regional hubs and virtual forums

Monitoring & Evaluation Capacity Building for Grantee Teams	Component 1 grant recipients	Improved data collection, indicators and learning loops	Technical assistance and training
Case Study Documentation and Knowledge Products	Local project implementers and policy influencers	Capture and disseminate adaptation lessons and good practices	Co-authored documentation and dissemination
National Plan Integration Workshops for Local Innovators	Local practitioners and national planning units	Link grassroots adaptation with policy instruments	Participatory dialogues and technical inputs
South-South Learning Visits between Climate Innovation Sites	Paired communities in similar ecosystems	Facilitate experiential peer learning and innovation scaling	Exchange grants and hosted visits
Accelerator Workshops for Climate Entrepreneurs	Women and youth-led SMEs and social enterprises	Business planning, adaptation metrics, and pitch readiness	Time-bound training programs with mentorship
Digital Storytelling Labs on Local Adaptation	Community youth media teams and CSOs	Skills to document and broadcast local climate responses	Mobile labs and youth-led facilitation
Gender & Inclusion Training for Local Implementers	Grantee teams and implementing partners	Strengthen gender-responsive design and monitoring	Structured workshops with follow-up clinics
Ecosystem Restoration Learning Tracks	CBOs and cooperatives engaged in NBS	Improve practical skills in mangrove, wetland, and forest restoration	Hybrid field-based and virtual learning tracks

Operational Structure of the Financial Facility: The World Bank will manage the Financing Facility by defining the criteria, selecting the most compelling investment operations, overseeing the implementation, and ensuring alignment with AFCIA guidelines. The Facility will guide the design and implementation of the adaptation innovation activities under each investment operation. These activities are selected due to their high climate adaptation and resilience impacts, outstanding level of innovation, and strong alignment with the countries' needs and priorities. Each selected investment operation can be allocated on average US\$ 3–7 million to support the innovations in form of small competitive grants. Under each investment operation, a grant manager will be identified (either the project's implementation agency or a delivery partner selected competitively). The Facility will oversee the process to ensure the grant manager possesses the required technical, fiduciary, and safeguards capability and experience. The grant manager will be responsible for managing the small grants, facilitating calls for proposals, evaluating applications, and overseeing the implementation of grants of up to US\$ 250,000. The Facility will ensure active involvement of Designated Authorities (DAs) in affirming alignment with national adaptation priorities. It will also prioritize engagement with accredited National Implementing Entities (NIEs) and collaboration with national and local partners to reinforce country ownership, strengthen implementation capacity, and promote sustainability of adaptation innovation efforts. All the grant activities will be implemented in line with the WB's fiduciary, procurement, and environmental and social standards requirements. Regular supervision and

results monitoring and reporting will be performed in accordance with WB's operational policies. The Facility will promote proactive outreach and equitable access for historically underrepresented groups, including Indigenous Peoples, Afro-descendant communities, women and girls, and persons with disabilities ensuring their meaningful participation in all stages of program design and implementation. To operationalize this within the context of each World Bank-financed investment operation, the Facility will integrate inclusive access requirements into the grant design and implementation processes. This includes asking that grant managers develop tailored outreach strategies, provide support during proposal preparation, and engage with representative local organizations through transparent and participatory mechanisms. By embedding these measures in the operational frameworks, the Facility enables country systems to channel resources more equitably toward community-led adaptation.

Distinctive Features of the Facility

Innovative Financing: The Facility aims to deploy various financial instruments and catalyze private investment in locally led adaptation. Besides grants, depending on the needs and circumstances, the facility will pilot the use of reimbursable grants, concessional loans, guarantees, and results-based market-driven instruments. For activities that can generate revenue, the funding can flow back to the Facility and be reused in other activities, thereby maximizing the use of the precious grant resources. Local actors and entrepreneurs, including Indigenous Peoples, Afro-descendant communities, community-based organizations, cooperatives, women- and youth-led enterprises, and SMEs will be prioritized in grant allocation to ensure the Facility reaches those most vulnerable to climate impacts and most capable of driving context-specific innovations. To support this financing model and ensure its broader impact, the programme's regional approach, grounded in the World Bank's experience in scaling climate adaptation initiatives and mobilizing blended finance, creates enabling conditions for small-scale, locally generated innovations to be rigorously tested, refined, and positioned for expansion through larger investment frameworks. This positions the programme not only as a funder of early-stage innovation, but also as a strategic channel through which successful grassroots adaptation efforts can transition into sustained, scalable climate finance pipelines. The requested financing reflects the full cost of adaptation, acknowledging that such high-impact, community-driven solutions require concessional support to overcome structural barriers to accessing finance at scale. Environmental and social risks are expected to be moderate and will be managed through robust screening and mitigation systems, ensuring that all activities uphold strong safeguard standards and contribute to long-term, sustainable outcomes.

Linking Local Innovation to Systemic Impact: The programme supports innovation in several dimensions: new adaptation technologies, inclusive business models, and flexible finance instruments. It especially encourages high-risk, high-potential approaches with limited conventional financing. The focus is on empowering local actors, particularly those underrepresented in climate finance, and creating institutional linkages to embed these innovations into public systems and market mechanisms. The focus on locally led actions within the proposed Facility is explicitly designed not only to empower frontline communities, but also to catalyze systemic change and avoid fragmentation. This is achieved by structurally embedding a small grants mechanism (aligned with AFCIA's innovation objectives) within larger IBRD/IDA investment operations, ensuring that funding flows through a dedicated innovation component designed to channel grants to eligible actors active on the ground. Each grant-supported initiative serves as a pilot or proof-of-concept embedded within broader World Bank-financed projects, which are selected for their potential to deliver high-impact, scalable adaptation outcomes. By

operating through a common financing facility and harmonized technical assistance platform, the programme consolidates efforts across countries and sectors, avoiding duplication and enabling shared learning. This approach is directly responsive to the LAC Adaptation Action Plan and Country Climate and Development Reports (CCDRs), which call for better integration between grassroots innovation and national systems, and for enhancing institutional pathways that can convert community-driven solutions into policy-supported, budgeted interventions. By facilitating this “bottom-up-to-systems” pipeline, the Facility turns localized innovation into strategic inputs for national adaptation planning, strengthening institutions while maintaining community relevance. It ensures that local adaptation is not a parallel effort but a driver of systemic resilience building.

Scaling Up and Rolling Out Successful Practices: Successful locally led practices will be scaled through: (i) Support to local institutions to document, refine, and package their innovations; (ii) Peer-to-peer learning mechanisms across countries and sectors; (iii) Integration into National Adaptation Plans and other climate policy instruments through close coordination with country Designated Authorities; (iv) Follow-on investment mobilization and potential access to climate finance via direct access mechanisms. This ensures local projects do not remain isolated but evolve into replicable, adaptable models that can be deployed at both national and regional levels.

Cost-Effectiveness of the Regional Approach: The regional structure enables cost-effectiveness by: (i) Pooling resources to create a shared infrastructure for grant administration, technical assistance, and monitoring; (ii) Avoiding duplication of efforts in design, implementation, and learning functions; (iii) Enabling economies of scale in knowledge sharing and policy engagement. Rather than fragmenting investments, the model delivers impact through targeted support while aligning local activities under a cohesive regional umbrella.

Anchoring in National and Regional Adaptation Frameworks: The project is firmly grounded in countries’ established climate adaptation frameworks, including National Adaptation Plans (NAPs), Nationally Determined Contributions (NDCs), and other related climate strategies. Designated Authorities are actively engaged throughout all phases, from project design to implementation, and play a key role in guiding the strategic alignment of grant-making. Where applicable, DAs also act as the government’s liaison with the World Bank, helping to ensure that project components are integrated within national adaptation and climate finance strategies and ongoing efforts.

Knowledge Management and Learning: The programme embeds a structured learning framework to: Capture and analyze lessons from funded projects; Share findings through regional and global platforms; Feed evidence into national policy processes; Support adaptive management and institutional learning. This will build a strong and durable regional evidence base for climate innovation and ensure scaling beyond the life of the programme.

Consultative Process and Inclusion of Vulnerable Groups: The preparation phase will include structured consultations with a wide range of stakeholders, especially vulnerable groups such as Indigenous Peoples, women, youth, Afro-descendants, Local Communities and, and persons with disabilities. Engagement processes will align with the Environmental and Social Policy of both the Adaptation Fund and the World Bank.

Sustainability of Outcomes: Sustainability is built into the design through: (i) Strengthening of local institutions as potential grant managers; (ii) Encouraging these institutions to work toward accreditation for direct access to climate finance; (iii) Embedding supported innovations in policy

processes to ensure long-term support; (iv) Promoting co-financing and private sector engagement where feasible. The focus on institutional development ensures that the programme leaves behind stronger systems and capacities across the region, rather than isolated results.

Replicability and Scalability: The Facility is explicitly designed to foster adaptation innovation projects that can serve as models adaptable and scalable across geographies and sectors. These projects will be assessed not only for their impact but also for their potential to be replicated through public programs, private sector engagement, and integration into broader World Bank-financed operations. The Facility's regional structure enables horizontal learning and cross-country exchange, helping to refine and tailor promising approaches for broader application. Scalability is embedded in the Facility's operational model through strategic linkages with national adaptation priorities, sectoral strategies, and pipeline investment operations. Successful innovations will be positioned for mainstreaming into government-led programs, adaptation plans, and future IBRD/IDA projects across LAC. Technical assistance and capacity development further ensure that local institutions can sustain and expand effective approaches. By building a pipeline of tested, community-driven interventions, the Facility creates entry points for accessing additional climate finance (both concessional and commercial) enabling transformative scaling beyond the grant phase.

Alignment with World Bank Corporate Priorities: The LAC Adaptation Innovation Financing Facility addresses a critical gap in the climate finance landscape by supporting early-stage, locally led adaptation innovations, complementing the World Bank's larger-scale investments in multiple sectors. Aligned with the WBG Climate Change Action Plan (2021–2025), the Facility emphasizes innovation, institutional capacity, and inclusion of vulnerable groups. It also operationalizes priorities from the Country Climate and Development Reports (CCDRs), particularly in scaling locally led adaptation, strengthening institutional pathways to finance, and embedding community-driven efforts into national systems. By empowering marginalized local actors and supporting direct access, the Facility enhances the WBG's delivery of context-specific, climate-resilient development.

The Facility is closely aligned with the World Bank's LAC Adaptation Action Plan, which identifies (i) the lack of dedicated and sustained financing for adaptation as a widespread barrier, often restricting efforts to small-scale or short-term projects; and (ii) barriers to private sector participation—such as risk perception, limited incentives, and market inefficiencies—as further complication to adaptation financing. By using small grants to incubate scalable local solutions, the Facility supports the Plan's goal of leveraging early-stage concessional finance to unlock broader adaptation investments and institutionalize locally driven innovation.

Alignment with Adaptation Fund Requirements

Project Components and Regional Value-Add: The Facility will provide small grants and technical assistance to pilot community-driven adaptation innovations in agriculture, water, and urban resilience. These activities will be grounded in locally led adaptation principles and emphasize nature-based solutions, inclusive decision-making, and community empowerment. The regional model fosters cross-country collaboration, shared learning platforms, and cost-efficiency, directly contributing to the Fund's goals of scaling and accelerating effective adaptation practices while enhancing access for non-accredited entities.

Promotion of Innovation: In line with the Fund's definition of innovation, the Facility will encourage and accelerate high-impact, risk-tolerant adaptation innovations by piloting innovative

finance instruments. The approach is designed to mobilize private capital, support inclusive business models, and enable locally tailored solutions to enhance adaptation, especially for SMEs and marginalized groups such as Indigenous Peoples, Afro-descendant communities, women- and youth.

Scaling Up and Rolling Out Innovation: Successful pilot initiatives will be documented, evaluated, and adapted for potential mainstreaming into national climate change adaptation strategies and plans as well as into World Bank-financed pipeline of investments. The Facility will support local institutions to strengthen policy linkages and build capacity for direct access accreditation, ensuring long-term impact and ownership.

Cost-Effectiveness of the Regional Approach: By centralizing grant management, technical assistance, and learning functions, the regional model will reduce transaction costs, increase administrative efficiency, and create economies of scale. This supports the Adaptation Fund's emphasis on nimble governance and efficient resource use, while enabling World Bank's engagement within the LLA space in LAC.

Alignment with Development Strategies: The Facility is structured to reinforce national and regional efforts to address climate risks and strengthen local resilience. It supports countries in translating their climate priorities and development goals into action by enabling and embedding innovation within broader planning and investment processes. By reflecting the strategic priorities of both the Adaptation Fund and the World Bank Group, the Facility promotes integrated, cross-sectoral responses to climate risks. This alignment ensures that resources are targeted effectively, amplifying impact, empowering communities, and reaching those most vulnerable to climate change.

Knowledge Management and Learning: A dedicated approach to tracking progress and learning will be built into the Facility from the outset, creating space for reflection and course correction as innovations evolve. Lessons from early-stage adaptation efforts will be captured and shared widely (both regionally and globally) to inform institutional learning and strengthen the broader ecosystem for climate innovation.

Sustainability of Outcomes: The Facility will build local institutional capacity to manage adaptation resources, seek accreditation, and mainstream innovations into national policy. It will facilitate co-financing and create investment pipelines to ensure sustainability and scale beyond the project's lifespan.

Economic, Social, and Environmental Benefits: The program is fundamentally designed to generate tangible, cross-cutting benefits aligned with the Adaptation Fund's mandate for concrete, country-driven adaptation. It will promote gender-responsive and climate-resilient livelihoods, particularly for vulnerable populations, while enhancing natural resource stewardship through ecosystem-based adaptation. The program will foster social inclusion by empowering marginalized groups (including women, Indigenous Peoples, and youth) as agents of change. All interventions will be implemented in line with the Adaptation Fund's ESP.

Compliance with Standards and Safeguards: All interventions will comply with national technical regulations and the World Bank's Environmental and Social Framework, which provides an integrated and rigorous approach to managing environmental and social risks across diverse contexts. This includes adherence to principles on human rights, biodiversity, gender equality, stakeholder engagement, and the protection of vulnerable groups. Grant managers will be

responsible for ensuring full compliance by overseeing the application of a robust environmental and social risk management system throughout the project lifecycle.

Avoiding Duplication: The Facility fills a strategic gap in early-stage adaptation financing by targeting innovative, high-risk, and community-driven initiatives that often fall outside the scope of conventional investment programs. It complements larger-scale efforts (particularly World Bank-financed operations) by de-risking novel approaches, building enabling conditions, and providing targeted support to underserved actors. The small grants serve as a pipeline for scalable adaptation solutions, with successful pilots designed to be embedded into broader national systems and investment operations. Therefore, strengthening coherence, complementarity, and impact through the Facility's financing.

Justification for Funding (Full Cost of Adaptation): The requested funding is consistent with the Adaptation Fund's mandate to finance the full cost of adaptation by supporting stand-alone, concrete interventions that directly address climate risks. While complementary partnerships and co-financed activities within World Bank operations may amplify impact, the Adaptation Fund's grant ensures that outcomes can be achieved independently. The Facility puts this principle into practice by enabling high-impact, locally driven innovations that prioritize inclusion, align with national priorities, and strengthen institutional capacity. Where relevant, blended finance instruments may be piloted to mobilize additional resources, but the core adaptation results remain fully deliverable within the scope of the AF funding envelop.

Environmental and Social Risks and Consultative Processes: The Facility anticipates moderate environmental and social risks, which will be addressed through robust screening, mitigation, and monitoring measures. All activities will adhere to the Adaptation Fund's Environmental and Social Policy and the World Bank's Environmental and Social Framework, including principles on human rights, biodiversity, gender equality, and stakeholder engagement. Risk management protocols will be embedded throughout the grant lifecycle to ensure adaptive, transparent, and accountable implementation. Inclusive, participatory consultations will be integral to project preparation. These processes will prioritize the meaningful engagement of vulnerable and marginalized groups, such as Indigenous Peoples, Afro-descendants, local communities, women, youth, and persons with disabilities, and will be guided by the principles of free, prior, and informed consent where applicable.

PART III: IMPLEMENTATION ARRANGEMENTS

The LAC Adaptation Innovation Financing Facility will be implemented under the leadership of the World Bank, serving as the accredited Implementing Entity. The Bank will manage the overall Facility, including defining the selection criteria, guiding project preparation, overseeing implementation, and ensuring full alignment with AFCIA guidelines and the World Bank's operational policies. The Facility will operate as a regional adaptation financing platform that integrates adaptation innovation components within broader national or multi-country investment operations. These operations, each typically allocated between US\$3-7 million for the innovation component, will be selected based on their alignment with country needs, strong innovation potential, and capacity to deliver transformational climate adaptation impacts.

For each investment operation, a grant manager will be identified to lead the execution of the small grant portfolio and may be the project's implementing agency, such as a national ministry,

development bank, or regional organization, or a qualified delivery partner selected through a transparent, competitive process. Regardless of the institutional type, the selected grant manager must demonstrate the necessary technical, fiduciary, and environmental and social safeguards capacity to administer small grants in accordance with World Bank requirements. The grant manager will be responsible for facilitating calls for proposals, screening and selecting grant recipients, managing disbursements, and overseeing implementation and monitoring. The small grants, capped at US\$250,000 per recipient, will be delivered in full compliance with the World Bank's fiduciary, procurement, and environmental and social standards.

To facilitate equitable participation, grant managers will be tasked with including dedicated outreach, support, and selection mechanisms that enable effective engagement of underrepresented actors, including Indigenous Peoples, Afro-descendant communities, women, youth, and SMEs. This will involve co-designing inclusive calls with Indigenous Peoples, Afro-descendant organizations, and other vulnerable groups - such as women and girls, youth, and persons with disabilities - for proposals with accessible language and timelines. The Facility will partner with trusted local intermediaries for dissemination, offer proposal development support tailored to community capacities, and ensure evaluation criteria recognize diverse forms of knowledge and governance. Grant managers must also ensure representation of these groups in advisory or review structures where feasible. These measures will be incorporated into grant manager operational plans and monitored as part of the Facility's results framework to ensure accountability and continuous learning.

Country ownership and alignment with national priorities will be ensured through strong engagement of the DA in each participating country. The DA will be involved from the earliest stages of project design and will play an active role in advising on the identification of investment operations, as well as in the review and endorsement of proposed grant managers and recipients. In many cases, the DA also serves as the government counterpart in broader World Bank-financed operations, participating in project design and implementation processes. This dual role enhances coherence between the regional initiative and national public investments, reinforces alignment with national climate priorities, and ensures that locally led adaptation efforts are effectively embedded within broader development frameworks.

National Implementing Entities, where present and accredited under the Adaptation Fund, will be prioritized for the grant manager role in consultation with the DA. This approach leverages existing national capacity and reinforces country-led implementation. Where appropriate, the Facility will provide targeted institutional support to strengthen the capacities of national or subnational institutions to function as effective grant managers. Over time, this is expected to help prepare these entities to seek accreditation under direct access modalities.

The Facility's operational structure also allows for the use of innovative financial instruments beyond traditional grants. Depending on the maturity and financial profile of the proposed activities, the programme may pilot reimbursable grants, concessional loans, guarantees, or results-based instruments to test models for revenue-generating adaptation solutions. This adds financial flexibility while maximizing the use and recycling of concessional resources. Overall coordination across regional and national levels will be maintained through regular supervision, portfolio-level monitoring, and the use of shared knowledge and learning systems, ensuring consistency, accountability, and continuous improvement across all activities under the Facility.



Figure 2 - Operational Structure of the LAC Adaptation Innovation Financing Facility (LAC-AIFF)

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

A. Record of endorsement on behalf of the government

Country ownership and national alignment are central to the design and delivery of the regional initiative and will be ensured through the strong involvement of the DA in each participating country. The DA will be engaged from the earliest stages of project formulation, offering guidance on the identification of suitable investment operations and participating in the review and endorsement of potential grant managers and recipients. Support from the Designated Authority will be formally documented as investment operations are identified, ensuring transparency and sustained alignment. Often, the DA also functions as the government counterpart in larger World Bank-financed operations, contributing to both design and implementation phases. This dual positioning enhances synergy between the regional initiative and broader public investment programs. Through this approach, the DA plays a critical role in upholding country-drivenness, strengthening institutional linkages between community-level adaptation efforts and national climate finance mechanisms.

B. Implementing Entity certification

In participating countries where accredited NIEs exist, these institutions will be given careful consideration to serve as grant managers for the small grants mechanism.



ADAPTATION FUND

PROGRAMME ON INNOVATION: LARGE GRANTS PROJECTS

REQUEST FOR PROJECT FUNDING FROM THE ADAPTATION FUND

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

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 must be fully prepared when the request is submitted.

Complete documentation should be sent to:

The Adaptation Fund Board Secretariat
1818 H Street NW
MSN N7-700
Washington, D.C., 20433
U.S.A
Fax: +1 (202) 522-3240/5
Email: afbsec@adaptation-fund.org



PRE-CONCEPT FOR A REGIONAL INNOVATION PROJECT/PROGRAMME

PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme:	UNDP-Adaptation Fund Climate Innovation Accelerator Phase 2
Countries:	Multiple Countries
Thematic Focal Area:	Innovative Climate Finance
Type of Implementing Entity:	Multilateral Implementing Entity
Implementing Entity:	United Nations Development Programme
Executing Entities:	United Nations Development Programme
Amount of Financing Requested:	USD 20,000,000.00

Project / Programme Background and Context:

The Global South is disproportionately affected by the climate crisis, despite contributing only 7% of global greenhouse gas emissions. Least Developed Countries (LDCs) and Small Island Developing States (SIDS) are among the most vulnerable, facing severe climate impacts with limited resources for adaptation¹. Vulnerable groups such as women, youth, Indigenous Peoples, ethnic minorities, people with disabilities, migrants and the urban poor have limited access to adaptation support.

While significant progress has been made in developing Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs), implementation remains slow. In 2023, global adaptation finance reached USD 63 billion, only 5% of total climate finance², falling far short of the USD 212 billion needed annually by 2030 for developing countries alone.

This finance gap is marked by structural and geographical imbalances, with most funds concentrated in developed economies. LDCs received less than 3% of this funding, and the most affected countries received under 2% between 2000 and 2019³. Local actors, including community-based organizations, SMEs, and social enterprises, play a vital role in delivering context-specific and sustainable solutions, but many are trapped in the “missing middle” — too practical for research grants but too early-stage for commercial

1 Nationally Determined Contributions (NDC) Global Outlook Report 2021 The State of Climate Ambition United Nations Development Programme. (2021). [online] United Nation Development Programme, p.12. Available at: https://climatepromise.undp.org/sites/default/files/research_report_document/State%20of%20Climate%20Ambition.pdf

2 Climate Policy Initiative (2023). Global Landscape of Climate Finance 2023. [online] CPI. Available at: <https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/>

3 Climate Policy Initiative (2023). Global Landscape of Climate Finance 2023. [online] CPI. Available at: <https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/>

investment, too “large” for seed funding/micro grants, and too unconventional for traditional development funding⁴.

Despite innovative solutions emerging, many fail to scale due to weak enabling environments, short project cycles, and fragmented knowledge-sharing ecosystems. Additionally, the underrepresentation of marginalized groups in decision-making limits the effectiveness of interventions, as their lived experiences, indigenous knowledge, and community innovations are often overlooked, leading to misaligned solutions. With the global temperature expected to rise by 1.5°C, leading to severe cascading impacts, particularly for vulnerable communities and ecosystems in LDCs and SIDS, the need for accelerated adaptation finance is critical⁵.

AFCIA Phase 2 directly addresses this finance and innovation gap by bridging the “missing middle”, where [early-mid growth and late mid-growth stage](#), community-led solutions often fall through the cracks⁶. By investing in grassroots capacities and fostering inclusive innovation ecosystems, AFCIA 2 will support the replication and integration of impactful solutions in broader systems, particularly those benefiting women, youth, Indigenous Peoples, and marginalized groups. Building on lessons from AFCIA 1, the AFCIA 2 project will drive faster, more equitable progress toward climate resilience, empowering vulnerable communities to lead their adaptation efforts.

Project / Programme Objectives:

The objective is to accelerate and scale inclusive, locally led adaptation innovations across the Global South by providing catalytic finance, technical assistance, and ecosystem integration to **high-potential⁷ solutions** that enhance climate resilience and benefit vulnerable populations.

This objective will be achieved through the following three interlinked outcomes:

Outcome 1: High-potential, locally led adaptation innovations are identified and supported through catalytic finance and technical assistance, enabling them to demonstrate readiness for scale and alignment with national adaptation priorities outlined in NAPs and NDCs. Adaptation innovations with demonstrated results and strong potential for scale will be identified and supported through catalytic grants (max USD 250K). These grants aim to de-risk the scaling process, enhance credibility, and mobilise follow-on investment by strengthening the operational, financial, and impact readiness of selected solutions. All

⁴ Uncdf.org. (2021). *Addressing the ‘missing middle’ challenge in least developed countries* By Anders Berlin and Abdul-Rahman Lediju. [online] Available at: <https://www.uncdf.org/article/6520/addressing-the-missing-middle-challenge-in-least-developed-countries?> [Accessed 6 Jul. 2025]

⁵ State and Trends in Climate Adaptation Finance 2024. (2024). Available at: <https://gca.org/wp-content/uploads/2024/04/State-and-Trends-in-Climate-Adaptation-Finance-2024.pdf?> [Accessed 6 Jul. 2025]

⁶ Churchill, N. and Lewis, V. (1983). *The Five Stages of Small Business Growth*. [online] Harvard Business Review. Available at: <https://hbr.org/1983/05/the-five-stages-of-small-business-growth>

⁷ High potential grantees will be selecting utilizing the following criteria (list is not extensive and it will be further refined in the full proposal): 1) they address specific climate risks; 2) they are led and benefit directly vulnerable communities (youth or elderly, women, Indigenous Peoples, people with disabilities, ethnic minorities, etc); 3) their solution is innovative according to AF’s definition of “innovation for adaptation” (described in page 10 of this EOI); 4) Organizations must have track record of income generation or demonstrate revenue generation potential, as this is the main vehicle to scale and to ensure financial sustainability; 5) Must present a clear pathway to sustainability and scaling; 5) Their solutions should clearly define and demonstrate a theory of change around environmental and socio-economic impact.

supported innovations will be required to integrate a gender-responsive and a socially inclusive lens, ensuring that they deliver measurable benefits for vulnerable communities.

Outcome 2: Supported adaptation innovations are strengthened to become investment-ready and integrated into national and global adaptation finance ecosystems through tailored technical assistance, business development, and strategic partnerships. Selected innovations will receive tailored technical assistance, investment readiness support, and strategic ecosystem linkages to accelerate their transition from early-mid and late-growth stages to the scale stage. AFCIA 2 will address key barriers to scale, such as financing gaps and limited market access, by connecting these organisations to a broader climate finance ecosystem, including DFIs, venture capital, and impact investors. This integrated support will build a robust pipeline of investable adaptation solutions.

Outcome 3: Evidence and learning from supported adaptation innovations are used to inform replication, policy engagement, and investment decisions through strategic partnerships, regional platforms, and global knowledge networks. The programme will capture and disseminate field-tested evidence and practical implementation insights on what works, for whom, and under what conditions, through its effective, strategic partnerships developed in AFCIA 1. These learnings will inform policy processes, support replication across geographies, and influence both public and private investment flows. Emphasis will be placed on scaling inclusive and gender-transformative approaches to climate adaptation.

AFCIA 2 is built around four core principles:

Lessons learnt and knowledge obtained from AFCIA 1 will be used as the base to design AFCIA 2, including larger financing amounts per grantees, a longer period of technical assistance, and the scaling of systemic actor linkages. The programme will support capable, locally rooted organisations in the “missing middle” that have demonstrated potential to scale context-relevant adaptation innovations and drive systemic impact.

- **Sectoral and Thematic Focus for Synergistic Impact:** To maximise coherence, cross-learning, and scaling potential, AFCIA 2 will prioritise 3 high-impact thematic areas aligned with global and regional adaptation priorities, including those in NAPs. These include climate-resilient food systems, nature-based solutions, and disaster risk reduction. The selection of these themes reflects their proven applicability across diverse geographic contexts, strong alignment with country-driven priorities, and high potential to deliver measurable, scalable adaptation outcomes. Climate-resilient food systems are critical for addressing increasing food insecurity and rural vulnerability under climate stress. Nature-based solutions offer cost-effective, locally grounded approaches that restore ecosystems and ecosystem services while enhancing adaptive capacity—an approach strongly endorsed by institutions such as UNEP and IUCN.⁸ Disaster risk reduction, guided by the Sendai Framework, remains essential for protecting lives, assets, and development gains in the face of intensifying climate hazards.⁹ While other thematic areas—such as health, urban infrastructure, or energy—were considered, they were not prioritised in order to maintain strategic focus, ensure efficient deployment of resources and technical expertise, and reduce operational complexity. Thematic clustering under these three areas will enable more structured knowledge exchange and peer learning, improve the replicability of successful models, and help avoid the fragmentation that can occur in broader, sector-agnostic funding models. Moreover, focusing on defined themes will allow the programme to tailor technical support more effectively, enabling targeted deployment of sector experts, learning resources, and capacity-building tools that are directly relevant to each sector, increasing the efficiency and quality of engagement. It will also facilitate knowledge and investments brokering services by aggregating solutions/grantees with a portfolio-based approach, grouping them by either thematic area or similarities in countries/regions.

⁸ https://wedocs.unep.org/bitstream/handle/20.500.11822/41333/state_finance_nature.pdf?sequence=3 page X and 1-4

⁹ <https://www.undrr.org/media/16176/download?startDownload=20250721> page 14

- **Strategic Country Engagement with Multi-Grantee Clustering:** Informed by the AFCIA 1 experience, AFCIA 2 will concentrate resources in specific areas. AFCIA 2 will (i) launch a **global call** for proposals and targeting the UNDP-Regional Bureaus for Africa, Asia and the Pacific, the Arab States, Latin America and the Caribbean and Europe and the Commonwealth of Independent States¹⁰, (ii) based on the proposals received prioritise support to the countries where a strong pipeline of high-quality applications emerges, based on grantee readiness, demand, technical assistance effectiveness, and strategic alignment with country priorities (iii) Support 2–3 high-capacity grantees per selected country ensuring to have geographical balance in the final selection. This clustering approach will allow for more targeted support, foster in-country peer learning, ecosystem building and promote collaboration across grantees facing similar challenges. By concentrating efforts where readiness and strategic alignment are evident, the programme can more effectively leverage existing partnerships, engage with UNDP’s Country Offices, and support strengthening the local innovation ecosystems by tapping into established networks including local networks and innovation ecosystems¹¹. This model promotes cost-effective delivery and supports country-specific scaling pathways, while maintaining flexibility to adapt to regional dynamics and levels of demand.
- **Support for Scaling and Ecosystem Integration:** CSOs, NGOs, social enterprises, and cooperatives will receive catalytic grants, along with tailored technical assistance and investment readiness support to help scale proven adaptation solutions (including business modelling, investor exposure, direct mentorship etc). It will be offered as an integrated package of in-house and external technical assistance leveraging the existing the [Adaptation Innovation Marketplace \(AIM\)](#)’s broader technical assistance network, including the partnership with business schools successfully utilized in AFCIA 1.
- **Leverage Existing Networks and AFCIA Partnerships:** AFCIA 2 will build on the existing AFCIA 1 platform, integrate with and amplify existing regional and global innovation ecosystem, investors and knowledge networks, adaptation alliances, other AFCIA programmes (implemented by UNEP-CTCN, UNIDO, WFP) and other Large Innovation Grant Projects led by accredited AF’s National Implementing Entities (NIEs). These platforms will be used to: share evidence, case studies, and toolkits; facilitate south-south learning and replication; inform national and global adaptation, innovation and financing policies and strategies where relevant.

Project / Programme Components and Financing:

Project/Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (US\$)
1. Catalytic Grants for Scaling Proven Adaptation Innovations	Outcome 1: High potential, locally led adaptation innovations are identified and supported through catalytic finance and technical assistance, enabling them to demonstrate readiness for scale	<p>Output 1.1: At least 40 high-potential, locally led adaptation innovations are identified through a global call for proposals, aligned with national adaptation priorities (NAPs/NDCs) and priority thematic areas.</p> <p>Output 1.2: Selected innovations receive catalytic grants (up to USD 250K) and tailored technical support to strengthen operational, financial, and</p>	Multi-regional Programme	12,000,000

¹⁰ The call for proposals will be disseminated globally, utilizing UNDP’s official communication channels and extensive local, regional and global networks of partners. The call for proposals will also be shared with the Adaptation Fund Secretariat so it can be further disseminated with other relevant partners and its accredited NIEs.

¹¹ Local networks and platforms like the Global Environment Facility’s Small Grants Programme (GEF SGP), the BOOST Impact Acceleration Programme, and the TADAMON NGO Empowerment Programme, UNDP Accelerator Labs and other Country Office adaptation for innovation ecosystems.

	and alignment with national adaptation priorities outlined in NAPs and NDCs.	impact readiness, with a focus on gender equality and social inclusion. Output 1.3: Selected high-impact adaptation innovations from AFCIA 1 receive follow-on catalytic support to scale proven models and demonstrate systemic impact.		
2. Targeted Technical Assistance, Business Development, and Investment Readiness Support to Enable Scaling	Outcome 2: Supported adaptation innovations are strengthened to become investment-ready and integrated into national and global adaptation, innovation and financing ecosystems through tailored technical assistance, business development, and strategic partnerships.	Output 2.1: All supported adaptation innovators receive tailored technical assistance, including business model refinement, gender-responsive design, MEL systems, financial planning and safeguard risk management. Output 2.2: Adaptation innovators are supported to identify and access suitable financing pathways, including private commercial, concessional, blended, and public-private mechanisms through leading business school partners.	Multi-regional Programme	3,036,365
3. Knowledge, Learning, and Strategic MEL to Drive Adaptation, Scaling and Influence	Outcome 3. Evidence and learning from supported adaptation innovations are used to inform replication, policy engagement, and investment decisions through strategic partnerships, regional platforms, and global knowledge networks.	Output 3.1: Key lessons, success factors, and challenges from supported innovations are captured and disseminated annually through knowledge products, case studies, and evidence briefs targeting policymakers, investors, and adaptation practitioners. Output 3.2: Annual peer learning events, global webinars, and cross-country exchanges are organised to promote south-south collaboration, uptake of good practices, and cross-sectoral learning among innovators, governments, investors, and UNDP partners.	Multi-regional Programme	2,600,000
6. Project/Programme Execution cost (3%)				545,454
7. Total Project/Programme Cost				17,636,365
8. Project/Programme Cycle Management Fee charged by the Implementing Entity (10%)				1,818,181
Amount of Financing Requested				20,000,000

Project Duration: 5 Years

PART II: PROJECT / PROGRAMME JUSTIFICATION

The project/programme components, particularly focusing on the concrete adaptation activities, how these activities would contribute to climate resilience, and how they would build added value through the regional/global approach, compared to implementing similar activities in each country individually.

The project will be strategically anchored under the UNDP-led [Adaptation Innovation Marketplace \(AIM\)](#), a flagship initiative launched in 2021. AIM was created to help countries overcome barriers in developing and implementing innovative climate adaptation solutions, particularly in terms of accessing finance and technical support. AIM is a Flagship Initiative of the [Climate Promise](#), which is the framework for UNDP's support to developing countries to achieve their NDC priorities and deliver the Paris Agreement goals.

With initial funding from the Adaptation Fund, the Global Environment Facility (GEF) and the European Union, the initiative supports civil society organizations, social enterprises, women and young people to scale up innovative technologies, practices and business models that advance climate adaptation in local communities. In addition to catalytic grant investment, AIM through its projects, offers local actors know-how on enterprise development and mentoring opportunities, leverages technical assistance, provides global visibility, and access to investors and partners who could accelerate these climate adaptation solutions.

As of July 2025, there are two featured programmes under AIM, the UNDP-AFCIA 1 and the Resilience for Peace and Stability, Food and Water Security Innovation Grant Programme. The proposal is to anchor UNDP-AFCIA 2 under AIM, enabling it to leverage existing strategic partnerships, draw on lessons learned, and benefit from the organizational support and global visibility provided by the UNDP Climate Promise Initiative. This alignment will enhance the program's effectiveness and facilitate broader collaboration across regions.

Theory of Change:

- **Impact (Project Goal)**

To accelerate and scale inclusive, locally led adaptation innovations across the Global South by providing catalytic finance, technical assistance, and integration into adaptation, innovation and financing ecosystems – enabling high-potential solutions to enhance climate resilience and benefit vulnerable populations.

- **Outcome Pathways**

Outcome 1: Identification and Support of High-Potential Innovations

If high-potential, locally led adaptation innovations are identified through a global, inclusive, and demand-driven process **and** these innovations are supported with catalytic grants and technical assistance,

Then they will be better positioned to demonstrate readiness for scale and alignment with national adaptation priorities (NAPs/NDCs).

Outcome 2: Strengthening for Investment and Scale

If supported innovations receive tailored technical assistance, business development support, and are connected to strategic partners and financing pathways,

Then they will become investment-ready and integrated into broader adaptation finance ecosystems, enabling sustainable scaling and replication.

Outcome 3: Knowledge and Evidence for Replication and Policy Influence

If evidence and learning from supported innovations are systematically captured and shared through strategic platforms and partnerships,

Then this knowledge will inform replication, policy engagement, and investment decisions, amplifying the impact of AFCIA 2 beyond direct grantees.

By identifying and supporting high-potential, locally led adaptation innovations (Outcome 1), strengthening them for investment and scale (Outcome 2), and leveraging knowledge and partnerships to inform broader systems (Outcome 3), AFCIA 2 will catalyse a shift in how adaptation is financed, implemented, and valued—positioning innovation as a systemic enabler of climate resilience.

To achieve the programme’s objective of supporting the development and diffusion of innovative adaptation practices, tools, and technologies, the AFCIA 2 will be established and managed by UNDP with four main functions: (1) Sourcing, screening, and selection; (2) Grant Administration and Management; (3) Aggregated technical advisory and business development support; and (4) Knowledge coordination and result aggregation. All the funding windows under the UNDP’s AIM follow a similar structure¹².

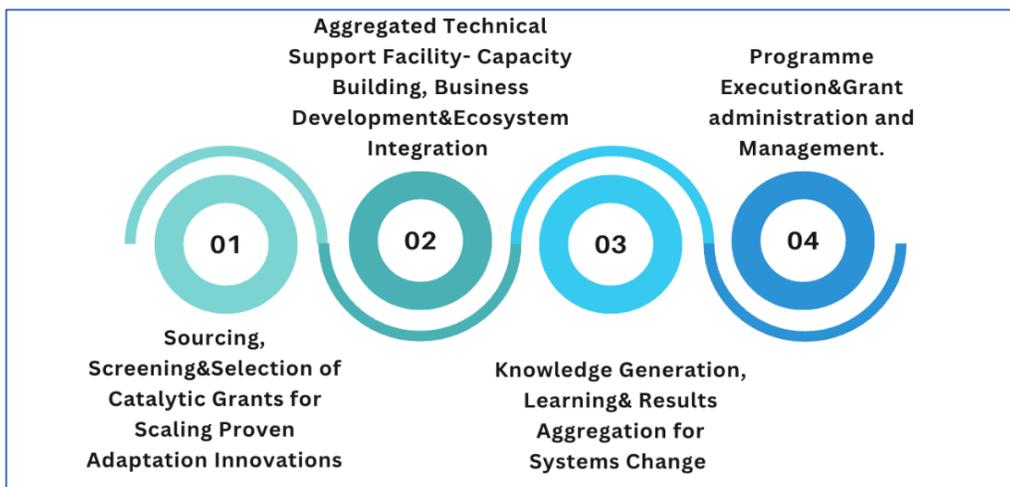


Figure 1. Major Functions of AFCIA 2 Global programme.

The four major components are described as following briefly:

1) Sourcing, screening and selection of catalytic grants for scaling proven adaptation innovations.

The project will support adaptation innovations with demonstrated results and high scaling potential through catalytic grants of up to USD 250K). These grants aim to de-risk the scaling process, enhance credibility, and attract follow-on investment by strengthening the operational, financial, and impact readiness of selected solutions. All innovations will be required to integrate gender-responsive and inclusive approaches, ensuring measurable benefits for vulnerable communities. The performance-based grants will support at least 40 high-potential adaptation innovations led by CSOs, NGOs, and social enterprises in key sectors such as

¹² A second Large Innovation proposal prepared by UNDP in four Western Balkans (Montenegro, North Macedonia, Serbia and Bosnia Herzegovina) will be also anchored under AIM, if successful.

climate-resilient food systems, nature-based solutions¹³, and disaster risk reduction, with the objective of building resilience and creating social, environmental and governance impact in the targeted communities.

2) Aggregated technical support facility for capacity building, business development, and ecosystem integration. Selected innovations will receive tailored technical assistance, procurement and finance trainings, investment readiness support, and strategic ecosystem linkages to accelerate their transition from early-mid and late-growth stages to the scale stage. AFCIA Phase 2 will address critical barriers to scaling, such as financing gaps and limited market access, by connecting organizations to a broader climate finance ecosystem, including DFIs, venture capital, and impact investors. This integrated support will help create a robust pipeline of investable adaptation solutions. A three-tiered support system will be implemented, combining in-house technical expertise, external domain experts, and global MBA/e-MBA fellows. This comprehensive approach will enhance the operational, strategic, and financial capabilities of selected innovators, facilitating their journey towards scaling and broader impact.

3) Knowledge generation, learning, and results aggregation for systems change. The programme will capture and disseminate field-tested evidence and practical implementation insights on what works, for whom, and under what conditions, through its effective, strategic partnerships developed in AFCIA 1. These learnings will inform policy/programme/and systems level processes, support replication across geographies, and influence both public and private investment flows. The focus will be on scaling inclusive, gender-transformative approaches to climate adaptation. A robust knowledge architecture anchored around and leveraging off our business school partnerships will document and disseminate learnings, codify insights from implementation, and support cross-country peer learning. Additionally, partnerships with global adaptation platforms and South-South learning exchanges will extend the programme's impact on adaptation policy, finance, and programming beyond the project boundaries.

4) Programme execution and management. The programme will be managed in accordance with UNDP rules and regulations, ensuring compliance with all institutional standards. This includes comprehensive grant administration and supervision, covering the full lifecycle from sourcing and screening to disbursement and progress tracking. A robust framework will be implemented to track performance, manage risks, and ensure the timely achievement of key milestones. Regular reporting and performance assessments will be conducted to maintain alignment with strategic goals and to guarantee the efficient and transparent management of funds.

Added Value of a Global Approach

While country-specific programmes are essential for addressing local climate adaptation needs, their impact can be amplified through broader collaboration and cross-border synergies. AFCIA Phase 2 provides significant added value by creating a dynamic platform that scales and replicates locally led climate adaptation solutions across multiple regions. This approach enhances the scalability, speed, and systemic impact of adaptation innovations, driving more effective and widespread climate resilience outcomes. This integrated model brings together the following key advantages:

- **Replicable Solutions:** AFCIA 2's global model allows successful adaptation solutions from one region to be adapted and replicated in similar contexts, accelerating progress. By leveraging common climate vulnerabilities, proven solutions can be applied across diverse geographic and cultural settings.
- **Shared enabling environments and leveraging UNDP's Global Network:** Insights and solutions from different countries can be utilized to refine and inform global adaptation frameworks, creating synergies across regions. Policy innovations and financing models developed in one context can support the development of coherent adaptation strategies elsewhere, thereby strengthening the

¹³ Considering that Nature Based Solutions can cut across multiple sectors, in the full proposal development stage, the types of nature-based solutions and sectors, will be defined/outlined clearly as part of the selection criteria for the call for proposals.

enabling environment for climate resilience. This approach reduces duplication of effort and promotes cost-effectiveness by building on what already works. UNDP's extensive global network, including a broad Climate Adaptation Portfolio and strong Innovation Service Offer, plus the support from Country Offices and local stakeholders, plays a critical role in facilitating this exchange. This ensures that adaptation strategies are contextually relevant, aligned with local needs, and supported by key national institutions and partners.

- **Cross-border value chains:** Innovations in sectors like food systems, nature-based solutions, and disaster risk reduction can benefit from regional market integration, driving supply chain efficiencies and expanding the reach of sustainable solutions.
- **Peer Learning and Knowledge Exchange:** Through global networking and peer-to-peer exchanges, AFCIA 2 accelerates the maturation of adaptation solutions, facilitating learning across regions. The project will engage grantees in global learning platforms through its network, providing opportunities for knowledge sharing and collaborative problem-solving, enhancing the capacity of local actors to address climate risks.
- **Resource efficiency and impact:** A global approach optimizes resources by clustering efforts across regions, reducing transaction costs, and ensuring consistent, high-quality technical support for grantees. This enhances operational readiness and accelerates scaling. Additionally, by adhering to UNDP's rigorous standards for Monitoring, Evaluation, and Learning (MEL), the project ensures systematic tracking of progress, identification of emerging challenges, and continuous improvement. This approach fosters accountability, ensures transparency, and provides valuable insights that guide the scaling of successful solutions, ultimately enhancing the impact of adaptation efforts across regions
- **[Business School Fellowship Programme](#) and access to support networks** provides a unique opportunity to connect local innovators with postgraduate students from prestigious global universities, offering essential business development, financial strategy, and market expansion support. This initiative, combined with UNDP's established networks, provides access to critical financial, technical, and business development resources. Through this collaboration, local innovators will refine their solutions, enhance investment readiness, and attract long-term financing, ultimately supporting the scaling and sustainability of climate adaptation efforts.
- **Innovative Financing Pathways:** The project will facilitate access to a wide range of financing opportunities, from public funding to private sector investments, ensuring that the most promising adaptation solutions are financially sustainable and positioned for long-term success. By connecting grantees with global investors and partners, AFCIA 2 will help unlock new pathways for scaling adaptation solutions. By leveraging global expertise, technical resources, and financing mechanisms, AFCIA 2 creates a comprehensive, interconnected ecosystem where locally led solutions can thrive. This approach strengthens adaptation efforts, fosters systemic change, and contributes to global climate resilience goals.

How the project would promote new and innovative solutions to climate change adaptation, such as new approaches, technologies and mechanisms.

The definition of innovation for adaptation as defined by the Adaptation Fund, has been adopted by UNDP in both AFCIA 1 and 2: *The creating, testing, deployment or diffusion of new, adapted or improved adaptation solutions, developed contextually and with the inclusion of the communities most vulnerable to climate change, to enable those communities to become more resilient to climate change. Innovation solutions may include approaches, technologies and mechanisms. Innovation projects and programmes differ from concrete adaptation projects and programmes in the nature of their stakeholder engagement, including with unconventional actors, and in the emphasis on iterative deployment where change, learning, and new information is embraced and can take innovation projects and programmes in different directions.*

AFCIA 2 will foster innovative, locally-led solutions for climate adaptation, driving systemic change and ensuring long-term resilience. Building on the lessons learned from AFCIA 1, the program will shift its focus to scaling solutions that have already demonstrated success. For instance, the replication of [Association la Voûte Nubienne's \(AVN\)](#) eco-construction techniques in Côte d'Ivoire during AFCIA Phase 1 will exemplify how AFCIA 2 will provide catalytic support to proven innovations, de-risking their scaling process. By refining

business models, enhancing delivery mechanisms, and aligning solutions with policy priorities, AFCIA 2 will ensure these innovations are not only effective but also positioned for sustainable success and future investment.

As done in AFCIA 1, AFCIA 2 will continue to support solutions that integrate local knowledge, are culturally appropriate and relevant for the local adaptation contexts, following the Locally Led Adaptation principles. This holistic approach will combine high-tech solutions, nature-based strategies, community-driven mechanisms, and inclusive business models. By addressing the specific climate risks faced by vulnerable communities, the project will prioritize solutions with strong potential for replication and scalability across different contexts. This will ensure that innovations are socially embedded, environmentally sustainable, and adaptable to various regions and local circumstances.

Many AFCIA 1 grantees operated under traditional NGO models, which limited their ability to attract commercial capital due to the very nature of the organisation. AFCIA 2 will actively support hybrid approaches, such as non-profit/private spin-offs, social enterprises. This shift will enable grantees to diversify their revenue streams, improve financial sustainability, and attract a wider range of investment, helping them scale their solutions more effectively. By embracing these evolving business models, AFCIA 2 will ensure that local innovators have the flexibility and financial viability needed to achieve long-term impact.

To accelerate the maturation of these solutions, AFCIA 2 will incorporate a structured **learning sprint**. Over 6-8 weeks, shortlisted applicants will refine their models, strengthen their financial viability, and align their solutions with adaptation goals. This phase will include tailored mentoring, user-centric design workshops, and peer-to-peer exchanges. Through these efforts, AFCIA 2 will encourage a culture of iteration, where grantees will test, learn, and refine their solutions based on real-world feedback. This process will support the development of scalable, sustainable solutions that integrate gender and social inclusion considerations, ensuring they meet the needs of all stakeholders.

The program will work to influence climate adaptation policy by integrating successful innovations into national and regional frameworks. Through collaboration with national authorities, and private-sector actors, AFCIA 2 will ensure that these solutions inform, and feed processes related to climate adaptation policies and strategies. By prioritizing a select group of high-potential pilot(s), AFCIA 2 will work closely with national stakeholders, including policy influencers and local actors, through UNDP Country Offices and their networks. This will facilitate the integration of these solutions into national policies, ensuring they address immediate climate risks and contribute to long-term, sustainable adaptation strategies. Through this focused approach, AFCIA 2 aims to create successful examples of policy influence that can serve as a model for scaling and replication. This will facilitate the integration of these solutions into national policies, addressing immediate climate risks and contributing to long-term, sustainable adaptation strategies.

Furthermore, AFCIA 2 will maximize the impact of its supported solutions by linking grantees to existing innovation ecosystems. By connecting grantees with local, regional, and global networks—such as private-sector partners, research institutions, and development organizations—AFCIA 2 will ensure that grantees have access to the resources, expertise, and funding necessary to scale their solutions. These connections will promote collaboration, knowledge exchange, and partnerships, enhancing the scalability and sustainability of adaptation solutions.

Finally, AFCIA 2 will build a strong evidence base by documenting outcomes, lessons learned, and best practices from high-potential pilots. This evidence will support the replication and integration of successful adaptation models, which will be shared with policymakers, development partners, and the broader climate adaptation community. By doing so, AFCIA 2 will demonstrate the effectiveness of locally led solutions and promote their adoption in other regions, contributing to the development of scalable, inclusive, and sustainable climate adaptation solutions that enhance global resilience. The program also establishes a robust knowledge-sharing structure to support scaling and replication, utilizing various channels such as social media, blogs, case studies, and open-source applications to disseminate key knowledge. Community engagement tools, including networks like the AIM network, BOOST Alumni Network, will expand the reach

of knowledge exchange, while virtual connections with incubators, accelerators, and climate adaptation practitioners will enhance learning across regions.

The cost-effectiveness of the proposed project / programme, explaining how the regional approach would support cost-effectiveness.

AFCIA 2 is designed to be a cost-effective, high-leverage regional platform that channels resources efficiently to the most promising locally led adaptation innovations, regardless of geographic boundaries. The program maximizes value for money by employing a performance-driven, global model that ensures resource allocation is aligned with impact, scalability, and sustainability.

- **Value-for-Money through Competitive Selection and Results-Based Disbursement**
The programme uses open call for interest and open call for proposals to attract innovations with the strongest potential for climate adaptation impact. Resources are directed toward interventions that show scalability, inclusiveness, and high adaptation impact. Catalytic grants are disbursed in tranches based on the achievement of specific milestones, reducing the risk of resource wastage and ensuring performance accountability throughout the implementation cycle. This results-based approach ensures that funds are only released when results are delivered, enhancing cost-effectiveness and ensuring optimal use of resources.
- **Leveraging UNDP's Proven Infrastructure and Operational Systems**
AFCIA 2 benefits from the operational efficiency of UNDP's existing infrastructure and operational modalities and procedures, which was established and utilized during AFCIA 1 and similar global mechanisms like the GEF Small Grants Programme (SGP). This eliminates the need to create parallel delivery systems, significantly lowering administrative overhead costs. Support services such as grant administration, MEL, and procurement are managed through UNDP's established processes and teams, which reduces the need for additional infrastructure and enhances operational efficiency.
- **Economies of Scale and Shared Services**
The global approach enables the pooling of technical resources, knowledge platforms, and advisory services across multiple countries. Instead of duplicating technical expertise or innovation tools in each country, AFCIA 2 adopts a shared services model, where one expert or resource hub can support multiple grantees across different geographies. This reduces duplication of effort and maximizes resource utilization, contributing to cost savings and enhancing the overall efficiency of the programme.
- **A Portfolio Approach to Innovation and Risk**
By implementing AFCIA 2 as a global portfolio, rather than isolated country-specific projects, the programme can better manage innovation risks. Supporting a diverse set of grantees at various stages of development allows AFCIA 2 to hedge against individual project failures while increasing the likelihood of producing scalable, investable models. This approach minimizes sunk costs by ensuring that not all resources are tied to single projects, increasing the overall resilience and success of the portfolio.
- **Strategic Partnerships and their role in Enhancing Cost-Effectiveness.**
AFCIA Phase 2 will engage a range of strategic partners to enhance the programme's cost-effectiveness and overall impact such as UNCDF, the Global Resilience Partnership (GRP), UNDP's SDG Finance Sector Hub, Climate-KIC, as well as relevant public, private, and philanthropic actors. Building on the foundation of AFCIA Phase 1, where several of these partners have already collaborated with UNDP, the programme will leverage existing relationships to expand technical capacity, amplify knowledge exchange, and mobilise additional resources. These partnerships are expected to contribute in various forms, including tailored technical assistance, facilitation of knowledge-sharing platforms, and alignment with innovation ecosystems and investment networks. By collaborating with actors that have complementary expertise and networks, the programme will be able to extend its reach and visibility, support more targeted grantee engagement, and unlock additional financing pathways for scaling successful solutions. Strategic engagement with partners will also help align the programme's support structures with the expectations of impact investors and catalytic funders, thereby improving investment readiness and long-term sustainability of supported innovations. Furthermore, AFCIA 2 will explore opportunities to diversify financing through blended or

pooled capital approaches and to tap into complementary funding sources and reduce reliance on grant-only models. Such an approach not only enhances cost-efficiency but also strengthens the financial sustainability and scalability of locally led adaptation innovations across the Global South.

How the project / programme would be consistent with national or sub-national sustainable development strategies, including, where appropriate, national or sub-national development plans, poverty reduction strategies, national communications, or national adaptation programs of action, or other relevant instruments, where they exist. If you wish and if applicable, you can also refer to regional plans and strategies where they exist.

AFCIA 2 is designed as a catalytic enabler to translate locally led innovations into nationally recognized climate impacts, aligning them with national and sub-national priorities. While the project will not preselect countries at the concept stage, it is structured to integrate with existing policy frameworks, such as National Adaptation Plans (NAPs) and Nationally Determined Contributions (NDCs), ensuring that innovations are both contextually grounded and aligned with broader national climate goals.

To ensure alignment with national strategies, AFCIA 2 will closely engage with UNDP Country Offices (COs), who are well-positioned to guide the selection of grantees and ensure that their efforts support national development objectives. The program uses a flexible, demand-driven approach that tailors its support to the specific needs of grantees, while also helping to elevate their work in line with national adaptation targets. COs will be actively involved in the grantee selection process, with final confirmation obtained for mapping innovation solutions to relevant national instruments and articulating their contributions to national priorities. The project will also consider alignment with Technology Needs Assessments (TNAs), Technology Action Plans (TAPs) if applicable, or equivalent national planning documents as part of the grantee selection criteria and/or within the part of due diligence processes. This ensures supported innovations reflect country-driven priorities and contribute to sustainable, context-specific adaptation outcomes. The program will also foster regional cooperation and peer learning, creating linkages between countries facing similar climate risks. This dynamic feedback loop between local innovations and national ambitions will bridge the implementation gap, turning community-driven efforts into recognized contributions to national resilience. AFCIA 2 fully aligns with the Paris Agreement and supports the principle of subsidiarity in climate governance, ensuring that solutions are driven by those closest to the impacts.

The consultative process, planned to be undertaken during project preparation, with particular reference to vulnerable groups, including gender considerations, in compliance with the Environmental and Social Policy of the Adaptation Fund.

At this stage, it is not feasible to conduct detailed consultations with country offices or site-specific stakeholders due to the programme's open call structure. Neither the countries nor the sub-project implementers are pre-selected. In line with Adaptation Fund guidance for Unidentified Sub-Projects, stakeholder engagement is therefore designed as a phased process. To inform the programme's strategic design, UNDP has drawn on extensive lessons and feedback from AFCIA 1, including engagement with regional/global experts, technical partners, and grantee experiences. These insights have shaped key programme elements such as safeguards, gender integration, and the focus on vulnerable groups, while maintaining the neutrality and openness.

Once sub-projects are identified, a mandatory contextualisation and stakeholder engagement process will be initiated for each selected grantee including inclusive, participatory consultations with vulnerable and marginalised groups as appropriate to each project's location and scope. Development of project-specific Environmental and Social Management Plans, Gender Action Plans, and Stakeholder Engagement Plans; Risk screening and safeguards management will be conducted in line with the Adaptation Fund's Environmental and Social Policy and Gender Policy.

UNDP will ensure that grantees receive tailored technical assistance to meet these requirements and that consultations are meaningful. This grantee-led approach allows for deeper, context-specific engagement,

while ensuring strong alignment with the Fund’s social and environmental safeguards. It also recognises that consultation is not a one-off exercise, but an ongoing process that will continue throughout implementation.

How the sustainability of the project/programme outcomes would be taken into account when designing the project / programme.)

Sustainability is a central pillar of the AFCIA 2 design. All grant proposals are required to outline a clear and credible pathway for technical, financial, and operational sustainability. This includes evidence of co-financing or existing financial commitments, a fundraising strategy, and identification of relevant long-term partners. Each proposal must also include a risk assessment that addresses potential threats to the sustainability of outcomes, along with a plan to mitigate them.

An exit strategy is mandatory for each grantee and will be supported by dedicated technical assistance to guide the transition toward long-term self-reliance, including pathways to follow-on capital through mechanisms such as concessional finance or other private sector channels.

In addition, financial integrity and institutional transparency are ensured through strict compliance with UNDP’s financial management regulations. Grantees are required to establish robust systems for competitive procurement, financial reporting, and fund disbursement aligned with international best practices. Financial audits will be conducted in accordance with UNDP Financial Regulations and Rules, and audit protocols will be agreed upon during the inception phase. By combining upfront sustainability planning, rigorous financial governance, and targeted post-grant support throughout the grant window, AFCIA 2 ensures that the innovations it funds are not one-off interventions but catalysts for long-term, scalable climate resilience.

Adaptation, innovation and financial ecosystems engagement and the facilitation of scaling pathways will be integral to the program’s approach. AFCIA 2 will not only support individual grantees but will also embed these innovations within broader systems to ensure their long-term success. This will be achieved through:

1. **Identifying policy linkages**, connecting innovations with national and regional climate adaptation plans, public processes, and development priorities, strengthening finance and innovation ecosystems by collaborating with UNDP Country offices.
2. **Investment readiness and brokering**, linking mature innovations with investors, development finance institutions, and impact investors.
3. **Visibility and replication**, by showcasing successful innovations through knowledge exchanges, learning series, and visibility platforms that engage potential partners, donors, and governments.

AFCIA 2’s multi-layered engagement with leading business schools and broader innovation ecosystems will further enhance the scalability and sustainability of the supported solutions. By facilitating cross-sector collaboration and fostering knowledge exchange, AFCIA 2 will ensure that grantees have access to the resources, expertise, and funding needed to scale their solutions effectively.

How the project/programme would provide economic, social and environmental benefits, with particular reference to the most vulnerable communities, and vulnerable groups within communities, including gender considerations, and how it would avoid or mitigate negative impacts, in compliance with the Environmental and Social Policy of the Adaptation Fund.

AFCIA 2 is designed to deliver long-term economic and social benefits for the most climate-vulnerable populations, with a strong emphasis on inclusion, equity, and sustainability, as well as strengthened environmental benefits for the ecosystems where they live in. All supported projects are required to demonstrate a compelling value proposition, including a detailed assessment of direct and indirect benefits through cost-benefit analysis and comparisons against existing baseline practices. This includes tangible improvements in livelihoods, enhanced access to climate-resilient services or infrastructure, and reduced vulnerability to climate risks. Special attention is given to women, youth, Indigenous Peoples, ethnic minorities, people with disabilities, migrants and other vulnerable and marginalized groups, ensuring that adaptation benefits are inclusive and equitably distributed. In alignment with the Adaptation Fund’s Gender

Policy, proposals must integrate gender considerations throughout the project lifecycle, from design to consultation, implementation, and evaluation, clearly articulating how women and men are differentially impacted and empowered as agents of change.

The project also strengthens economic sustainability through strategic partnerships which facilitates support working at the community level, particularly those serving underserved markets. This collaboration enhances the program's economic reach and creates pathways for market-facing climate adaptation solutions.

Environmental and social risk management is also central to the programme's design. Each grantee-project must include a screening of potential risks and outline mitigation and management plans in line with the Environmental and Social Policies of both the Adaptation Fund and UNDP. Safeguards are applied rigorously to ensure no harm is done and that interventions actively reduce vulnerabilities without introducing unintended negative externalities.

How the project / programme would meet relevant national technical standards, where applicable, such as standards for environmental assessment, building codes, etc., and comply with the Environmental and Social Policy of the Adaptation Fund.

AFCIA 2 will fully comply with the Environmental and Social Policy (ESP) of the Adaptation Fund and UNDP's Social and Environmental Standards (SES), ensuring that all activities meet relevant national technical standards and are implemented responsibly and inclusively. A detailed Social and Environmental Screening Procedure (SESP) and Environmental and Social Management Framework (ESMF) will guide the project, with each grantee required to submit a preliminary risk screening as part of their proposal. This screening will identify potential environmental and social risks, and the project team, with support from UNDP's safeguards experts, will review these risks during the selection process.

If risks are identified, grantees will integrate mitigation measures into the final design of their projects to comply with local legal requirements and UNDP's safeguards. Ongoing tracking during execution will ensure that grantees adhere to these mitigation measures, with regular reports on safeguard implementation. A web-based Grievance Redress Mechanism (GRM) will also be established to allow stakeholders to submit concerns or complaints at the general AFCIA 2 level, ensuring transparency and accountability throughout the project lifecycle. Local versions of GRMs will be also established at the grantee-project level as part of the ESMF for this project. Gender equality and social inclusion will be central to the project's safeguards approach, with all proposals required to mainstream gender and address differentiated vulnerabilities. The structured safeguards framework will ensure that the project promotes effective, inclusive, and environmentally responsible climate adaptation solutions, contributing to sustainable and equitable outcomes.

A. Duplication of project / programme with other funding sources.

AFCIA 2 is designed to complement, rather than duplicate, existing adaptation initiatives by targeting locally led solutions in the early to mid-stage of development. During the preparatory phase, the project will assess ongoing and past initiatives to ensure alignment, complementarity, and coordination with other organizations and programs. This will occur during both the concept and proposal stages, ensuring that the project's activities integrate seamlessly with broader regional adaptation efforts.

By prioritizing collaboration, AFCIA 2 will avoid redundancy and enhance its contributions to local adaptation goals building on existing national frameworks, but will also complement regional and global efforts and initiatives. The project complements the UNDP Small Grants Programme by scaling grassroots innovations, supports land-based adaptation themes alongside the [Ocean Innovation Challenge](#) by supporting broader, land-based adaptation themes. AFCIA 2 will contribute to the efforts such as [UNCDF's LoCAL](#) to fund NGOs

whose innovations inform public systems. It will also closely coordinate with other AFCIA Programmes¹⁴ currently implemented by [UNEP-CTCN](#), [UNIDO](#), and [WFP](#) by offering catalytic grants and investment readiness support to diverse actor types, including NGOs, CSOs, social enterprises, and hybrid models, and sharing best practices, lessons learnt and to find pathways on how to scale and replicate these variety of grassroots innovation solutions.

Additionally, AFCIA 2 adds value to global mechanisms like the GEF Challenge Programme, Global Innovation Fund, and CRAFT Climate Resilience Fund by developing a pipeline of de-risked, socially inclusive solutions. Anchored in the Adaptation Innovation Marketplace, AFCIA 2 ensures coherence, knowledge exchange, and complementarity across the adaptation finance landscape.

B. Justification for funding requested, focusing on the full cost of adaptation reasoning.

As described in the background section of this pre-concept note, the main problems are inaccessible finance, high climate vulnerability, and fragmented innovation at the global, regional and local level. The AFCIA 2 programme offers a sequenced, catalytic approach to de-risking adaptation innovation and mobilising scalable solutions. It fills critical gaps in both capital and capacity, structured around three interlinked outcomes that address the full cost of adaptation:

With the project ([Outcome 1](#)), AFCIA 2 will provide up to 40 catalytic grants (up to USD 250K each), supporting early mid to late mid-stage innovations tailored to local climate risks, ensuring that proven models are funded appropriately. This structure bridges an acute gap in adaptation financing architecture: supporting actors who are proximate to the problem but excluded from capital. By covering the design, testing, validation, and early scaling of proven adaptation solutions, AFCIA 2 unlocks impact that would not materialise through conventional financing pathways.

With the project ([Outcome 2](#)), AFCIA 2 embeds technical assistance alongside grant capital. Support includes business model refinement, impact measurement, and financing strategies to make grantees bankable and scalable. This additionality is critical, grant making alone does not create viable enterprises or replicable civil society models. AFCIA 2 goes further by building the enabling conditions for long-term scale, including support for market linkages and advisory support for navigating regulatory environments. Grant making alone is insufficient to create viable enterprises or replicable community solutions—this additionality ensures innovations mature into investment-ready models.

With the project ([Outcome 3](#)), AFCIA 2 invests in learning infrastructure often overlooked in adaptation budgets. It leverages existing platforms (BOOST, AIM) to document, disseminate, and connect innovations regionally and globally, without creating new digital infrastructure. Through peer learning events, case studies, virtual showcases, and targeted communications, it builds the connective tissue between bottom-up solutions and top-down policy. These long-term, systemic investments are essential to scale but typically underfunded; AFCIA 2 internalises them as core components of its adaptation delivery model.

When it comes to climate resilience, the economics are clear: acting early is far cheaper than responding late. The cost of rebuilding after extreme weather events is often several times higher than the cost of investing in adaptive measures beforehand. According to the Global Commission on Adaptation, investing \$1.8 trillion in climate adaptation globally between 2020 and 2030 could generate \$7.1 trillion in total net benefits, a return of nearly 4 to 1¹⁵. For vulnerable communities already on the frontlines of climate disruption, even modest improvements in preparedness can significantly reduce future fiscal, social, and environmental

¹⁴ A recent project led by UNEP-CTCN called “Coordination Services for the Special Financing Window in Support of Innovation for Adaptation (AFCIA): Phase II” has been recently approved by the Adaptation Fund. This project will be a great opportunity to coordinate, align and maximize the impact of all the AFCIA Programmes implemented by UNEP-CTCN, UNIDO, WFP. UNDP is committed to continue collaborating in these AFCIA partnerships as done so far with AFCIA 1.

¹⁵ Global Commission on Adaptation Report [ADAPT NOW: A GLOBAL CALL FOR LEADERSHIP ON CLIMATE RESILIENCE](#)

[#AdaptOurWorld. \(2019\)](#). page 3.

burdens. AFCIA 2 presents a timely opportunity to direct resources toward locally led solutions that offer far greater returns than waiting to pick up the pieces after disaster strikes.

AFCIA 2 is not just a grant programme; it is a transformation mechanism. It addresses the full cost of adaptation by integrating capital, capacity, and connectivity. Without this intervention, high-impact innovations, especially from marginalised actors, will remain underdeveloped and invisible to financiers and policymakers. The USD 20 million request reflects the full cost of delivering adaptation impact through a pipeline approach: from strengthening and validating context-specific, growth-stage solutions to positioning them for scale, investment, and policy integration. This is the only viable way to close the adaptation gap, not just in volume, but in structure, equity, and impact.

C. 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>		X
<i>Access and Equity</i>		X
<i>Marginalized and Vulnerable Groups</i>		X
<i>Human Rights</i>		X
<i>Gender Equity and Women’s Empowerment</i>		X
<i>Core Labour Rights</i>		X
<i>Indigenous Peoples</i>	X	
<i>Involuntary Resettlement</i>	X	
<i>Protection of Natural Habitats</i>		X
<i>Conservation of Biological Diversity</i>		X
<i>Climate Change</i>	X	
<i>Pollution Prevention and Resource Efficiency</i>		X
<i>Public Health</i>		X
<i>Physical and Cultural Heritage</i>		X
<i>Lands and Soil Conservation</i>		X

PART III: IMPLEMENTATION ARRANGEMENTS

UNDP will be the Implementing Agency for AFCIA 2, drawing on the expertise and operational reach of global and regional teams, including the GEF Small Grants Programme, UNDP Innovation Facility, the five UNDP-Regional Bureaus (for Africa, Asia and the Pacific, the Arab States, Latin America and the Caribbean and Europe and the Commonwealth of Independent States) and will leverage as needed the existing network of over 150 country offices, to ensure alignment with national priorities and facilitate integration with existing adaptation, innovation and finance ecosystems. Critical learnings have been gathered from successfully running AFCIA 1.

As an Executing Agency, a Global Project Management Unit (PMU) will be established as the central coordination and technical support centre, and will strictly follow UNDP's Programme and Operations Policies. The PMU will be based in UNDP's Bangkok Regional Hub (BRH), to optimise cost-efficiency, facilitate engagement with stakeholders—including grantees and local partners—and support streamlined delivery across geographies. The PMU will be integrated by a Project Manager, a Finance Analyst, a Procurement Analyst, and a Project Associate as the core operational personnel to be placed in BRH. In addition, the PMU will count with the support of specialized experts on Strategic Partnerships Development, Monitoring and Evaluation to track performance of the low value grants, Knowledge Management and Learning, Communications, Business Development and Investments, Safeguards and Gender as deployed in AFCIA 1 (some home-based or based in other Regional Hubs). The Project Execution Costs (3%) will be utilized to cover part of the operations' project staff salaries (Procurement Analyst, Finance Analyst and Project Associate), the Mid-term evaluation (MTR)¹⁶, the Terminal Evaluation costs, office facilities/equipment and communications, and the project financial audit. The rest of the costs required for project implementation, like the Project Manager, the specialized experts that will support the PMU, workshops, travel required for project related specific Outputs, communication materials, will be budgeted under Outcomes 1,2,3. These execution services will be delivered through UNDP's its global operational infrastructure and will be complemented with services providers that will be engaged through appropriate competitive procurement processes following UNDP's rules and regulations.

As a Multilateral Implementing Entity, UNDP provides end-to-end programme oversight services, including specialised technical advice for the executing team, project development/formulation, financial, legal, safeguards and gender oversight services, allowing the project to fully comply with UNDP's rules and regulations and AF's policies and standards. These oversight services will be covered by the IE fee of 10%, permitted for Global Projects. The IE fee will also cover the oversight required for the preparation of the annual project reports and project evaluation reports, steering committee supervision meetings, and ensuring compliance with audit requirements.

¹⁶ According to the Adaptation Fund Evaluation Framework "Projects and programmes that have more than four years of implementation will conduct a mid-term evaluation after completing the second year of implementation", which means that for AFCIA Phase 2 an MTR will be mandatory. Available: <https://www.adaptation-fund.org/wp-content/uploads/2023/11/AFBEFC.318Add.8-09.15.23.pdf>

Funding Proposal Template

Application Template for Pre-Concept Proposal



ADAPTATION FUND

PROGRAMME ON INNOVATION: LARGE GRANTS PROJECTS

REQUEST FOR PROJECT FUNDING FROM THE ADAPTATION FUND

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

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 must be fully prepared when the request is submitted.

Complete documentation should be sent to:

The Adaptation Fund Board Secretariat
1818 H Street NW
MSN N7-700
Washington, D.C., 20433
U.S.A
Fax: +1 (202) 522-3240/5
Email: afbsec@adaptation-fund.org



PRE-CONCEPT FOR A REGIONAL INNOVATION PROJECT/PROGRAMME

As urban areas grow to account for an expected 70% of global population by 2050, they face escalating risks from heat, floods, and water insecurity exacerbated by climate change. Yet, current adaptation finance remains critically inadequate. Global climate finance reached \$1.9 trillion in 2023, but just \$65 billion (only 5 per cent) was tracked for adaptation¹. Cities alone require over \$200 billion each year to meet adaptation needs, yet current relevant adaptation flows remain only a fraction of this amount². Local governments, especially in developing countries, struggle to access funds because of capacity gaps, limited awareness, and the absence of scaling pathways for effective solutions. Innovation is thus essential to catalyze a real shift by introducing cutting-edge technological solutions, governance models that empower local actors, and financial instruments contextually tailored to urban realities. However, novel adaptation pilot projects often lack the resources, visibility, and knowledge capture/exchange mechanisms needed to fearlessly innovate and inform systemic change.

To address these challenges, UN-Habitat, through its Climate Change in Urban Environment team and Regional Offices (ROs), proposes a modular multi-country programme that implements innovative on-ground climate adaptation solutions and connects them with global knowledge ecosystems. Each of the five projects offers standalone value, targeting specific dimensions of urban climate resilience through pilots in target geographies:

- The Regional Office for Asia and Pacific (ROAP) will launch AI² Accelerate: a three-fold programme combining community level microgrants, regional learning hubs, and a city-network accelerator to scale up locally led adaptation innovations in South Asia
- The Regional Office for Arab States (ROAS) proposes digital infrastructure to modernize urban water systems and increase resilience to climate-induced drought and water insecurity
- The Regional Office for Latin America and the Caribbean (ROLAC) will combine data-driven geospatial technology and participatory processes to develop and test climate risk-informed inclusive innovative urban solutions
- The Regional Office for Africa (ROAf) will support local communities to co-create low-cost, high-impact innovations for climate adaptive services in informal settlements
- UN-Habitat's Global Climate Change Team supports local climate action innovation implementation and scale by creating knowledge-exchange loops and elevating urban climate innovation topics in global platforms and networks in support of sharing and scaling the latest science and innovation emanating from the forthcoming IPCC Special report on climate change and cities and supporting parties in integrating this into their NDC and NAP implementation plans and strategies.

With an emphasis on inclusion of vulnerable groups and marginalized voices, these projects bridge bold local innovation with the latest available science and global policy. This feedback loop ensures that local action informs national and global frameworks while also benefitting from cutting-edge best practices. Together, these projects offer a cohesive scalable model for transformative change and impactful urban adaptation. The following sections provide a more detailed concept note for each project.

¹ Climate Policy Initiative. 2025. Global Landscape of Climate Finance 2025. <https://www.climatepolicyinitiative.org/publication/global-landscape-ofclimate-finance-2025/>

² United Nations Environment Programme. Adaptation Gap Report 2023. <https://www.unep.org/resources/adaptation-gap-report-2023>

A. PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme:	Adaptation Innovation Incubator and Accelerator for Secondary and Small Cities in Asia Pacific (AI ² Accelerate – Asia Pacific))
Countries:	India, Nepal, Pakistan, Sri Lanka
Thematic Focal Area:	Innovation in adaptation finance
Type of Implementing Entity:	Multilateral Implementing Entity
Implementing Entity: (ROAP)	UN-Habitat Regional Office for Asia and the Pacific
Executing Entities:	Government and Innovation Partners of UN-Habitat country offices in India, Nepal, Pakistan, Sri Lanka, including ICLEI; UCLG-ASPAC; CityNet; GCoM; selected CSOs and community groups
Amount of Financing Requested:	5,000,000 (in U.S Dollars Equivalent)

Project / Programme Background and Context:

Asia-Pacific's secondary and small cities that are home to over half of the region's burgeoning urban population, remain on the front lines of accelerating climate impacts yet are chronically underserved by adaptation finance. Across South Asia, municipal budgets dedicate less than 10 percent of their climate allocations to urban adaptation, leaving local governments without the resources, technical capacity, or institutional mechanisms to pilot, test, and scale context-specific solutions. As floods, heatwaves, and water-stress events intensify under a changing climate, these cities lack access to early-warning systems, resilient infrastructure, and innovative financing pathways that can bridge the gap between localized experimentation and municipal investment.

In India, secondary cities face "very high" to "extreme" heat-risk indices in over 60 percent of district jurisdictions, yet adaptation funding remains skewed toward large metros and rural agriculture. A recent CEEW study highlights that without targeted support for community-led pilots and decision-support tools, small cities will continue to shoulder disproportionate human and economic losses. In Nepal, while the National Adaptation Plan secured readiness funding, local adaptation actions still comprise less than 5 percent of municipal budgets. Pakistan's urban adaptation agenda likewise favors agricultural resilience, with only 7–10 per cent of climate finance reaching municipal projects, leaving mountain-town populations exposed to glacier-lake outburst and riverine floods without effective local response frameworks. And in Sri Lanka, small urban centres have witnessed a 30 percent rise in flood frequency over two decades, yet municipal allocations for resilient drainage, water-security measures, and community-driven risk assessments hover below 3 percent of their capital budgets.

These persistent gaps underscore the need for an adaptation innovation incubator and accelerator that can rapidly mobilize micro-grants, convene multi-stakeholder prototyping clinics, and forge clear investment pathways for promising local solutions.

This ROAP proposal on "Adaptation Innovation Incubator and Accelerator for Secondary and Small Cities in Asia Pacific (AI² Accelerate – Asia Pacific)" addresses this critical gap through a regional multi-country

approach, leveraging the collective innovation potential of secondary and small cities across Asia Pacific LDCs, LLDCs, SIDS and with preferably lower MIC status, which are moreover all Party to the Paris Agreement and where UN-Habitat has active field engagement.

Project / Programme Objectives:

The **Adaptation Innovation Incubator and Accelerator for Secondary and Small Cities in Asia Pacific (AI² Accelerate-Asia Pacific)** seeks to leverage the collective innovation potential of these affected cities to develop and scale people-centred adaptation resilience solutions. The project has the following specific objectives:

1. Accelerate locally led adaptation innovations in South Asian secondary cities.
2. Build institutional and community capacity for co-creation and scaling.
3. Foster regional learning and peer exchange through a digital hub and city network.
4. Establish clear pathways for replication and integration into municipal budgets.

Project / Programme Components and Financing:

Project/Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (US\$)
1. Urban Innovation Grants	≥ 15 people-led urban adaptation innovations implemented	15 sub-grants awarded (≤250k each); community committees formed; pilot reports	India, Nepal, Pakistan, Sri Lanka	2,800,000
2. Regional Incubation & Learning Hub	Enhanced technical capacity; open-access innovation dashboard	4 rapid prototyping clinics; 4 accreditation trainings; digital dashboard live; Regional and Global Replication Briefs, open dashboards with SURGe/I4C tagging, policy digests for NDC/NAP focal points	Regional	900,000
3. City-Network Accelerator	Scaled uptake; replication briefs; linkage to finance windows	3 peer exchange workshops; 5 replication briefs; 5 proposals to AF Large Innovation/GCF	Regional	400,000
6. Project/Programme Execution cost				500,000
7. Total Project/Programme Cost				4,600,000
8. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable)				400,000
Amount of Financing Requested				5,000,000

Project Duration: 3 years and 6 months

PART II: PROJECT / PROGRAMME JUSTIFICATION

Activities: The **AI² Accelerate-Asia Pacific** will empower secondary cities to co-design, validate, and scale locally relevant interventions; establish peer-learning networks via a digital hub; and unlock follow-on financing through municipal budget integration, large-grant packaging, and resilience-bond instruments. This project directly responds to the Adaptation Fund's call for regionally coordinated innovation programmes that maximize access for eligible developing countries, delivering cost-effective economies of scale, strengthening community-government collaboration, and ensuring that no city is left behind in Asia-Pacific's climate resilience transition. Led by the UN-Habitat Regional Office for Asia and Pacific (ROAP), this initiative targets LDCs and lower MICs in the region including India, Nepal, Pakistan and Sri Lanka.

Project Components: The project aims to deliver a "green People's Process" approach that places poor urban communities and climate vulnerable groups such as women, youth and ethnic minorities at the core of adaptation innovation design and delivery. This ensures inclusivity, equity, and genuine co-creation of solutions. It adopts a multi-track innovation approach, integrating social, institutional, and technological innovation with clear pipelines for validation, prototyping, and replication. Finally, the project leverages regional city networks to facilitate South–South knowledge exchange, peer learning, and policy uptake.

Component 1: 15 micro-grants (≤ US 250,000 each) for high impact people-centered cities and towns adaptation innovations – “green peoples process”

AI² Accelerate Asia Pacific is designed as a catalytic and locally driven program, delivering small grants (up to USD 250,000 each) to coalitions formed by local governments and innovation partners such as CSOs, people's organization, academia, youth-led initiatives, and startups across Paris Party LDCs & lower MICs towards accelerating climate adaptation in the AP region. Component 1 will focus on high impact people-centered adaptation innovations. Advancing a 'green' People's Process: communities are funded directly as they lead and manage innovative micro-projects. Local committees (including women's cooperatives, youth councils and ethnic minority forums) will be at the heart of the innovation.

This component with innovative approaches (such as circular waste-to-resource solutions and nature-based flood and heat management interventions, etc.), will explicitly leverage locally tested adaptation schemes such as urban ecosystem management models in the Philippines and Vietnam's urban wetland management strategies. A structured innovation validation process, involving initial pilots, community-based rapid prototyping, and continuous feedback loops, will systematically evaluate the viability, replicability, and scalability of solutions.

Type of Innovation:

- Social innovation: Emphasizing co-creation and inclusive participation of vulnerable and traditionally marginalized communities in adaptation solutions.
- Institutional innovation: Strengthening municipal and community governance and partnership frameworks to ensure sustainable local adaptation and mainstreaming of resilience into city planning processes.
- Technological innovation: Promoting affordable, scalable technologies tailored to secondary cities' realities, including digital platforms and IoT-enabled solutions for climate monitoring and response.

Enabling Environment:

Component 1: The project will utilize existing policy frameworks (ex: NAPs, NDCs, TNAs, UNSDCFs), partnerships with national adaptation focal points, and UN-Habitat's established presence and local trust in target countries.

Implementation Modality:

- Up to 15 microgrants (\leq USD 250,000 each) will be awarded to coalitions of local governments, civil society organizations (CSOs), community groups, youth- and women-led initiatives and start-ups, selected through two region-wide calls for proposals.
- Grants will support innovations aligned with five of UN-Habitat's SURGe priority tracks: urban water, resilient housing and informal settlements, circular waste-to-resource solutions, nature-based flood and heat solutions and local climate-smart economies, with an implementation period of up to 24 months.
- ROAP Project Team together with technical partners will review the submissions following agreed process and criteria, consistent with AF guidelines.

Component 2: Regional Incubation & Learning Hub

This component targets to establish a Regional Incubation & Learning Hub in partnership with regional and national think-tanks. The regional hub will extend gender-responsive design support, rapid prototyping clinics, and business-model coaching. Existing UN-Habitat-led AF projects in the region (ex: Lao PDR, Malaysia, Cambodia, Sri Lanka, Fiji) provide a solid foundation for scaling and replication within this component. Moreover, from the ROAP AF project experience in Malaysia, the Hub will double as a MASH (Municipal Adaptation Support Hub) offering accreditation-style trainings and pitch clinics for municipal staff and youth fellows who will then cascade innovation learning in their home cities. Learning clinics will be organized on a periodic basis to ensure that knowledge sharing through innovation replication briefs and policy digests supports NIEs and NDC/NAP focal points, whilst also feeding into the Global Research and Action Agenda on Cities and Climate Change Science (GRAA). Maintaining ESMS and results database will be covered under this component.

This component ensures regional learning, policy alignment, and scalability, enhancing institutional readiness and embedding innovations within municipal planning processes, NAPs, NDCs, and technology frameworks (TNAs/TAPs). The Hub ensures cost-effectiveness by consolidating capacity-building and knowledge management resources regionally, reducing duplication and overhead expenses. As such, a core deliverable of the Regional Hub will be the establishment of an open-access digital innovation dashboard to systematically document, track, and disseminate project learning, inclusive of evidence-based KPIs such as community participation rates, gender responsiveness, and adaptation efficacy scores. The Regional Hub will explicitly embed Environmental and Social Safeguards (ESS) and Gender Policy compliance into all project phases through systematic risk screening, capacity-building on gender-sensitive and inclusive planning, and regular monitoring and reporting mechanisms.

Component 3: City-Network Accelerator

The City-Network Accelerator component embeds the project's replication strategy, and it will leverage the region's robust city-network ecosystem to deliver people-centered adaptation innovations. City-network partners for this component will broker pathways and mechanisms for replicating and scaling innovations. ROAP, with city networks like ICLEI, UCLG-ASPAC, CityNet and GCoM as executing entities, will deliver scaling up activities to support broader replication:

- peer-to-peer learning exchange; coalition/partnership building/matchmaking,
- brokering policy uptake, and
- connecting proven pilots to larger finance windows (AF Large Innovation Grants, GCF, MDBs).

Regional Value-Added: By coordinating efforts across India, Nepal, Pakistan, and Sri Lanka, AI² Accelerate transcends fragmented, country-specific pilots to build a shared innovation ecosystem. This regional approach leverages economies of scale, fosters cross-learning, and reduces duplication of effort, enabling each secondary city to benefit from proven solutions tested elsewhere in the network.

Cost-Effectiveness: The centralized regional hub minimizes overhead by pooling expertise, while virtual peer clinics and a digital learning platform reduce the need for costly travel. Together, these efficiencies deliver high-quality technical support to all participating cities at a fraction of the cost of standalone national initiatives.

Policy/Institutional Alignment: The project aligns directly with each country's National Adaptation Plan and NDC commitments, as well as broader frameworks such as the UNSDCF and the SURGe COP27 initiative. By complementing existing national strategies, AI² Accelerate amplifies ongoing efforts and fills critical gaps in urban adaptation.

AI² Accelerate will activate three complementary pathways to embed innovations in local systems: (1) integration into municipal budgets via demonstrated pilot success; (2) packaging of mature solutions for large-grant applications (ex: AFCIA Large Innovation or GCF); and (3) engagement of private finance through resilience bonds that de-risk investment in high-impact projects.

Risk Management: All calls for proposals will include ESMS and Gender Policy screening to identify environmental, social, and gender-related risks at the outset. A continuous risk-review mechanism, overseen by ROAP and country-office focal points, will ensure proactive mitigation and adaptive management throughout implementation. All financial transactions will adhere to UN-Habitat's fiduciary standards, with a dedicated fund manager appointed to monitor disbursements and budget performance. Quarterly risk-review meetings will be convened to assess emerging challenges and adjust financial controls or implementation plans as needed.

MEL Approach: Progress will be tracked through quarterly narrative and financial reports submitted by country offices. A mid-term evaluation at month 18 will assess performance against objectives, while a terminal evaluation at month 36 will measure overall impact and sustainability. An estimated 6 percent of the total budget is allocated to M&E activities and knowledge-management efforts.

The programme's outcomes align with the Adaptation Fund's innovation results (ER1–ER4), focusing on proof of concept, piloting, replication, and scaling. Key indicators include the number of community-led innovations validated, replication briefs produced, proposals packaged for larger funding windows, and capacity-building metrics such as training certifications and stakeholder engagement levels.

An Environmental and Social Management System (ESMS) screening will be applied at the grant-selection stage to identify potential risks across all microgrant proposals. Grantees will receive capacity-building training on safeguard policies, ensuring community-driven innovations comply with UN-Habitat's environmental, social, and gender standards.

PART III: IMPLEMENTATION ARRANGEMENTS

Coordination and Management:

- Lead Unit: UN-Habitat ROAP (for the Implementing Entity)
- Internal Key Partners: UN-Habitat country offices in Nepal, Philippines, Viet Nam, Cambodia, Lao PDR, Sri Lanka, and Fiji, Climate Change Team at UN-Habitat Headquarters
- External Key Partners (Executing Entities): ICLEI – Local Governments for Sustainability, United Cities and Local Governments Asia-Pacific (UCLG-ASPAC), CityNet, Global Covenant of Mayors for Climate & Energy (GCoM), academic institutions, and local civil society organizations (CSOs) ex: Lumanti in Nepal, Think City, Institute for Climate and Sustainable Cities, etc.

Budget and Disbursement Schedule:

Disbursements will be structured to balance startup needs and performance incentives: 30 percent of the total grant will be released at project inception; 40 percent upon successful launch of the incubation hub and completion of initial prototyping clinics; and the remaining 30 percent following approval of the terminal evaluation report. This schedule ensures continuity of activities while maintaining accountability at key milestones.

B. PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme: Capturing every drop. Fostering innovation to increase the resilience of urban water systems in the Arab region

Countries: Egypt, Jordan, Lebanon, Sudan, Syria, Yemen

Thematic Focal Area: Transboundary water management

Type of Implementing Entity: Multilateral Implementing Entity

Implementing Entity: UN-Habitat

Executing Entities: National and local governments in above countries, Regional city networks (or regional arm of global city networks), innovation partners, universities, civil society organizations, utilities and private sector – see implementation arrangements.

Amount of Financing Requested: \$5,000,000 (in U.S Dollars Equivalent)

Project / Programme Background and Context:

Urban water systems in the Arab region are strained by climate change, rapid urbanization, aging infrastructure, and conflict, with over 362 million people facing water insecurity. Jordan's renewable water resources per capita have declined sharply to below 90 m³/year, well below the international water scarcity threshold of 500 m³/year¹. Yemen's MoWE reports chronic water supply challenges intensified by ongoing conflict and climate variability, underscoring the urgent need for innovative water loss reduction technologies, particularly in Aden². In Sudan, urban water networks experience annual losses of 35–45%, and only 57% of the urban population has access to continuous water supply. Additionally, the frequency of droughts has increased by 25% over the past decade³. Egypt is ranked among the top 10 most water-scarce countries globally according to the World Bank's Water Scarcity Risk Index (2020), with per capita renewable water resources declining from 1,200 m³ in 2000 to below 600 m³ today. The Ministry of Water Resources and Irrigation reports that reducing NRW from 30% to 20% could increase the available water supply by 4 billion cubic meters annually⁵. In Lebanon, due to climate change and increased demand, water availability has declined by approximately 10-15% over the past decade⁶. Water leakage from supply networks has been reported by several government entities in the region including Jordan (19% in Sahab city), Lebanon (48% as reported by the MoEW), and Yemen. Intensifying water scarcity and droughts across the region necessitate action on increasing the resilience of existing infrastructure and identifying tailored solutions.

Many institutional bodies operating in affected areas suffer from limited financial and technical capacities, further hindering effective water service delivery. Urban poor communities are especially vulnerable, often residing in informal settlements without reliable water services. In a region where water scarcity is intensifying under the pressures of climate change, addressing Non-Revenue Water (NRW) is a critical adaptation priority. Climate-induced stressors such as prolonged droughts, rising temperatures, and infrastructure vulnerability amplify water losses and threaten supply reliability. Tackling NRW through innovative, climate-resilient approaches (including smart water management technologies, predictive maintenance, and climate-resilient infrastructure) offers a strategic pathway to enhance water security and build systemic resilience across the region. Specifically, leakage detection tools and frameworks in each

country coupled with an increased readiness of local government to effectively utilize such tools in their day-to-day operations is an impactful solution. This approach could bring about significant water savings, thus decreasing the strain on water sources and enhancing service delivery.

Project / Programme Objectives:

Given the above context, the objective of this proposal is to maximize the utilization of available water sources, through innovative and scalable solutions to raise the resilience of water infrastructure, decrease water losses, and increase access to water in the face of growing climate stressors. The proposal will focus on context-specific, scalable innovations that prioritize the needs of the urban poor and promote inclusive governance.

Project / Programme Components and Financing:

Project/Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (US\$)
Urban Innovation Hubs	Co-creation of contextual solutions	Regional Training Workshops for Capacity Building, community engagement for co-creating solutions and supporting local innovation	Egypt, Jordan, Lebanon, Sudan, Syria, Yemen	1,350,000
Leak detection technology infrastructure, developing digital tools, ICT equipment	Installation of infrastructure	Purchase, development, and installation of contextually appropriate leak detection systems for identified municipal water networks	Egypt, Jordan, Lebanon, Sudan, Syria, Yemen	1,250,000
Technical Deployment of Innovations and Digital Service Trainings	Installed innovations are effective and operating	Trainings for municipal workers, technical capacity trainings for local contractors	Egypt, Jordan, Lebanon, Sudan, Syria, Yemen	1,600,000
6. Project/Programme Execution cost				400,000
7. Total Project/Programme Cost				4,600,000
8. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable)				400,000
Amount of Financing Requested				5,000,000

Project Duration: 4 years

PART II: PROJECT / PROGRAMME JUSTIFICATION

Focusing on smart urban water management, the initiative will work through a three-point approach of detection, rehabilitation, and monitoring of water supply networks. Through developing a scalable leakage detection and monitoring model for water supply networks, the project will deploy simple and context-relevant monitoring technologies and institutional innovations to detect, quantify, and address water losses across urban water distribution networks. This includes piloting smart sensors, GIS-integrated leak detection systems, and predictive maintenance tools. Institutional capacity and water governance processes will be strengthened through training programmes and the piloting of local innovation hubs (in selected cities that foster the needed enabling environment), to ensure sustainability and scalability. These local innovation hubs will serve as local knowledge platforms for co-creation, testing, and scaling up climate adaptation solutions that are tailored for each country/city. The initiative adopts a locally led implementation approach, working closely with municipalities, community-based organizations, and regional knowledge platforms. Cross-learning through regional integration will therefore create a supportive capacity building and knowledge capturing environment with the added benefit of cost-efficiency in cross-country replications.

Activities: The proposed activities will be phased into three parts that are built upon one another with continuous feedback loops within and across phases. First, the inception phase which includes internal setup and operations as well as establishing agreements with regional and local partners. Second, the implementation phase, which includes capacity needs assessment, capacity building activities and the development and piloting of locally specific interventions. Third, knowledge dissemination and exchange, which builds on the development of knowledge products and the documentation of lessons learnt and best practices throughout the project phases. Through these phases, the proposal's overarching goals are to *inspire* the adoption of an innovation approach within local governments both in water management and climate change adaptation; *develop* a supply pipeline leakage detection and monitoring model that gets adopted by different cities in the Arab region; and *increase* the efficiency and resilience of water supply networks through decreasing NRW.

Expected Impact:

- Strengthened resilience of urban water systems through innovative and inclusive adaptation practices, tools, and technologies and reduced non-revenue water.
- Strengthened water services continuity in crisis-affected urban contexts in the Arab region.
- Increased regional knowledge generation and sharing of evidence-based innovative solutions for climate change adaptation in the urban water sector (ex: through establishing local innovation labs focused on climate-tech and water governance).
- Promoting Community Accountability and Deploying Participatory Monitoring Mechanisms through enabling community-led data collection, reporting, and decision-making.
- Integrating tested tools and governance mechanisms into existing municipal service delivery framework, where applicable, ensuring institutionalization and sustainability of innovations.

Types of Innovation:

- Institutional: Governance reforms and capacity building to strengthen institutions and empower communities to lead water monitoring and management in vulnerable areas. Local innovation hubs will be piloted within selected municipalities to serve as a local knowledge and collaboration platform that brings together key urban actors to pilot, test, and upscale climate adaptation and resilience solutions.
- Process-based: Cities deploy smart leak detection linked to predictive digital systems to reduce losses. Leveraging digital platforms to monitor water flows, identify vulnerabilities, and reduce resource loss through early intervention. Explore community-led monitoring mechanisms to feed into city maintenance planning and drive early intervention.

Policy Alignment: Additionally, to ensure smooth implementation and political support, this project will align with national climate change policies, water strategies, and urban resilience frameworks of each targeted country in the following manner:

- **Egypt:** Egypt has a strong institutional framework for water utilities under the Holding Company for Water and Wastewater (HCWW), and national strategies prioritize reducing water losses and enhancing infrastructure resilience. The National Water Resources Plan (2017–2037) outlines a comprehensive vision for sustainable water resource management, emphasizing efficiency, pollution control, and non-conventional water resources. The National Climate Change Strategy (2050) and Egypt Vision 2030 provide a clear mandate for climate adaptation and innovation. Existing partnerships between UN-Habitat and water authorities offer coordination opportunities for scaling up successful leak detection interventions and enhancing planning for improved adaptation and resilience.
- **Jordan:** The challenge addressed in this project has been identified as a key priority in the Multi-Layered Vulnerability Assessment conducted for Sahab city. This project aligns with 1) the Economic Modernization Vision of Jordan's water management initiative optimizing the utilization of Jordan's natural resources, specifically water, 2) the Green Growth National Action Plan 2021-2025 for the water sector, supporting sustainable urban water supply augmentation, 3) the National Water Strategy 2023-2040, Pillar Goal 2, through restoring the balance between available and sustainable water supplies, essential for achieving lasting water security while meeting health and economic development needs, and 4) the National Climate Change Policy (2022-2050) through improving infrastructure and water management to reduce climate impacts.
- **Lebanon:** Lebanon has ratified the Paris Agreement, adopted in 2020 the NAP with urban water resilience as key priority, emphasized on climate-resilient infrastructure and urban governance in the NDCs in 2020, and focuses on integrated water resource management and service expansion in the National Water Sector Strategy (2020 & 2024). Despite governance challenges, Lebanon has an active NGO sector, municipal unions, and international development partners experienced in participatory planning and adaptive recovery models (ex: post-Beirut blast housing initiatives).
- **Syria:** The country's policy framework includes the NDC 2018, the National Country Program 2023, and the State of Environment Report 2010–2021, which identifies vulnerable areas and recommends urgent climate action.
- **Yemen:** While the national water strategy is outdated in Yemen, the forthcoming NDC 3.0 (developed by UN-Habitat) will focus on addressing water scarcity. Besides that, the regular AF project starting soon will develop an integrated water management strategy also targeting Aden governorate.
- **Sudan:** Sudan's climate action is guided by its 2016 NAP and the updated NDC (2022). The NAP focuses on strengthening institutional capacity and integrating climate resilience into priority sectors including water resources. The HCENR leads coordination, with efforts underway to harmonize the NAP and NDC for more effective implementation. Despite ongoing political instability and humanitarian challenges, Sudan is committed to aligning its climate strategy with global frameworks like the Paris Agreement, while prioritizing resilience-building and sustainable development at national and community levels. This project also aligns with the UN Sudan CCA (2022–2025), prioritizing basic service delivery, and resilience-building, particularly in water and sanitation.

Risk management: The project acknowledges potential risks, including political instability, weak uptake of technologies, potential overlap with other initiatives, and procurement and/or implementation delays. These will be mitigated through a multi-stakeholder and decentralized implementation approach, a co-design process to ensure technology relevance and uptake, and regular coordination with NDA/DA focal points to ensure alignment with national priorities. To mitigate the risk of duplication with other projects and maximize synergies, a mapping of existing and similar initiatives will be conducted during inception, enabling coordination with relevant actors and alignment with ongoing efforts in each country. Early engagement with government counterparts and phased planning will help prevent delays. Formal letters of support from relevant ministries and authorities in each country will further reinforce ownership and facilitate smooth implementation.

MEL approach: The project will adopt a MEL framework to ensure continuous tracking of progress, outcomes, and learning. KPIs will be developed and aligned with the expected results of the projects such as reduction in NRW, improved water service continuity, number of leakages detected and resolved, and community satisfaction with water services. The MEL plan will include periodic data collection and analysis and structured feedback loops that allow for course correction and adaptive management throughout implementation. The local innovation hub(s) will also serve as a node for capturing lessons learned, testing improvements, and facilitating adaptive learning at the city level. The project will also generate and disseminate knowledge products, including technical briefs, case studies, and toolkits on innovative water loss reduction that could be shared internally among implementing partners and externally through regional city-to-city exchanges and global and regional platforms.

The project builds upon the experience of two on-going AF projects focusing on water scarcity and resilience building implemented in Jordan, Lebanon and Syria, which are 1) [Regional Project](#), and 2) [Syria Project](#). This project will generate practical evidence and policy-relevant lessons that will feed into future AF programming. It will also contribute to the AF's broader knowledge base by identifying enablers of successful urban water resilience interventions, offering guidance for the design and replication of similar projects in the region and globally.

PART III: IMPLEMENTATION ARRANGEMENTS

Egypt: The official mandate of the HCWW and its subsidiaries/affiliate companies is the operation and maintenance of facilities of drinking water production and distribution. The holding company and affiliate companies operate under the umbrella of the MoHUUC, which is the Egyptian government entity responsible for housing, utilities, and urban development including drinking water and wastewater treatment. Damietta Governorate is the local administration entity responsible for managing urban and rural areas within its jurisdiction as well as overseeing the implementation of national policies at the local level, coordinating public services, managing infrastructure projects, and ensuring local development. It is affiliated with the Ministry of Local Development, which is responsible for coordinating and implementing sustainable development initiatives across governorates. Its main role is to empower local authorities, decentralize governance, and improve public services and infrastructure. The Ministry of Environment is the NDA for the AF.

Jordan: Miyahuna Company, with its branch located in Sahab Municipality, provides delivery services to Sahab Municipality residents. Sahab Municipality oversees the management of Districts and Neighbourhoods, including issues related to sustainability and urban environmental management. At the national level, the central government, such as the Ministry of Water and Irrigation, and the Ministry of Environment, play a crucial role in setting national policies and development strategies. Additionally, The Ministry of Local Administration (MOLA) oversees planning in general for municipalities and supports with scaling up.

Lebanon: Ministry of Energy and Water (MoEW) which is the regulatory authority for the water sector, the North Lebanon Water Establishment (NLWE) the water utility operating in Akkar region, the Lebanese Agricultural Research Institute (LARI) mandated to monitor hydro-climate data, and integration of agro-climatic risk tools, the Lebanese Union of People with Disabilities (LUPD) who can ensure disability-inclusive planning and implementation, and the local municipalities of Bebnine and Mhammara in Akkar as key to community engagement and land-use decision making.

Sudan: The Municipality of Madani plays a central role in community mobilization and implementing climate and development initiatives at the local level by fostering active participation among residents, CSOs, and neighborhood leaders. Their efforts focus on translating policy and strategy into real-world action through public awareness campaigns, direct engagement, and oversight of project execution in urban and peri-urban areas. The State Water Corporation is responsible for the technical work targeting the reduction of water losses, monitoring systems, maintenance of delivery infrastructure, and implementation of modern engineering solutions for urban water systems. The HCENR leads on strategic alignment and coordinates

the integration of climate and environmental policies across Sudan by ensuring consistency between local actions and national commitments, such as the National Adaptation Plan and the country's Nationally Determined Contribution, thereby promoting policy coherence, resource mobilization, and inter-agency collaboration, while UN-Habitat will leverage its recently implemented 2024 project with the Gezira State Water Corporation, which provided safe drinking water to communities using solar-powered systems.

Syria: MOLAE leads planning and implementation efforts through its regional directorates, which support in assessing, coordinating, and following up on implementation and monitoring with municipalities. The elected neighborhood committees, representing the communities are key body linking the local to municipal and regional level the deployed Water User Associations, helps the municipalities in planning, exchange numerical data, assist in implementation of the interventions to reduce water losses and boost infrastructure resilience.

Yemen: As part of the preparation of the regular [AF project](#), a hydrology study for the Tuban delta was conducted, as well as a climate change vulnerability assessment. While the regular project will address water scarcity issues through integrated water resource management, wastewater treatment and efficient irrigation, another issue is water leakages from the clean water system in Aden. This project will build on the assessment, water management approach and project steering arrangements of the regular AF project. While the ministry of water and environment is responsible for coordination, the local water and sanitation corporation will be responsible for addressing water leakages in Aden. Innovations for water leak detection to be used: acoustic leak detection, tracer gas or thermal imaging, depending on the surface area

C. PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme: Scaling community-led climate adaptation through Resilience and Urban Solutions Hubs (RUSH) in Africa

Countries: Comoros, Malawi, Ghana, and Côte d'Ivoire

Thematic Focal Area: Disaster risk reduction and early warning systems

Type of Implementing Entity: Multilateral Implementing Entity

Implementing Entity: UN-Habitat

Executing Entities: National and local governments in above countries, Regional city networks (or regional arm of global city networks), innovation partners, universities, civil society organizations, utilities and private sector – see implementation arrangements.

Amount of Financing Requested: 5,000,000 (in U.S Dollars Equivalent)

Project / Programme Background and Context:

African cities face a triple challenge: increasing exposure to climate hazards, limited institutional capacity to respond effectively, and the exclusion of local voices (especially women, youth, and informal settlement residents) from adaptation planning and delivery. Informal settlements are often overlooked, despite the immense potential that lies within the communities themselves to lead climate adaptation.

In response, the UN-Habitat Regional Office for Africa (ROAf) proposes a transformative, community-led model using Resilience and Urban Solutions Hubs (RUSH) to address urban flood risks, water scarcity, and poor solid waste management through inclusive, low-cost, and replicable solutions. The initiative targets informal settlements in Ada East (Ghana), Jacque Ville (Cote d'Ivoire), Lilongwe (Malawi), and Moroni (Comoros), selected for their high climate vulnerability and existing partnerships with UN-Habitat and the Adaptation Fund.

Project / Programme Objectives:

The project aims to contribute to four key impact areas:

- **Climate resilience:** The project reduces flood vulnerability in informal settlements by introducing innovative, community-developed solutions that target the underlying causes of climate-related disasters, poor drainage, plastic waste accumulation, and water insecurity. Through the Resilience and Urban Solutions Hubs (RUSH), communities co-design and pilot rainwater harvesting systems, permeable paving blocks made from recycled plastic, and localized early action systems that complement municipal early warning efforts. These interventions are part of a participatory cycle of training, testing, and learning, building local capacity to anticipate, absorb, and recover from climate shocks. By integrating physical solutions with adaptive planning and digital monitoring tools, the project strengthens community-level resilience while supporting institutional adaptation pathways.
- **Social equity:** The initiative ensures that adaptation benefits are equitably distributed by placing women, youth, informal workers, and underserved communities at the center of all processes.

Each RUSH is youth-led with a minimum of 50% female participation, and activities are specifically designed to address barriers faced by marginalized groups. The hubs offer training, mentoring, seed funding, and direct involvement in planning and implementation. This promotes inclusive decision-making and supports new livelihoods in climate-related value chains. By connecting adaptation to empowerment, the project helps redress structural inequalities that leave some urban residents more exposed and less equipped to face climate risks.

- **Strengthening urban basic service systems:** RUSHs serve as local entry points for strengthening essential urban services, particularly in areas that have been historically neglected. Through recycling and plastic reuse, the hubs improve solid waste management and drainage maintenance in dense informal neighborhoods. Water harvesting systems reduce dependency on unreliable networks during dry periods, and digital tools help communities and municipalities monitor flood risks and infrastructure performance. These measures not only reduce climate vulnerability but also enhance everyday service delivery, making urban systems more reliable, inclusive, and sustainable under climate stress.
- **Strengthening regional innovation ecosystems:** The project contributes to a broader innovation ecosystem by linking the four hubs across Ghana, Côte d'Ivoire, Comoros, and Malawi into a regional platform for peer learning, co-development, and scaling. Standardized training materials, open-source digital tools, and documented lessons will enable replication of successful models beyond the initial cities. By building on existing Adaptation Fund interventions and aligning with national adaptation frameworks, the project creates momentum for long-term institutional uptake. This regional model helps accelerate the localization of adaptation strategies and positions African cities at the forefront of inclusive, bottom-up climate innovation.

Project / Programme Components and Financing:

Project/Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (US\$)
1.RUSH Establishment	Inclusive decision-making strengthened and new livelihoods in climate-related value chains created through RUSHs providing training, mentoring, seed funding, and direct involvement in planning and implementation	At least one RUSH is established as a community-driven innovation space to test and scale solutions such as waste-for-income schemes, buy-back mechanisms, and co-designed awareness campaigns	Comoros, Malawi, Ghana, and Côte d'Ivoire	790,000
2.Trainings of Trainers for Innovation	Trained community representatives from women- and youth-led groups and civil society organizations go on to train others and lead flood risk reduction initiatives using recycled waste, amplifying impact and sustaining local capacity.	A number of technical trainings are given to community representatives of women and youth-led groups and civil society organizations to deliver flood risk reduction initiatives through recycled waste	Comoros, Malawi, Ghana, and Côte d'Ivoire	930,000

Project/Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (US\$)
3.Establishment of digital platforms and innovation tools	Established iterative learning cycles, supported by digital tracking tools and participatory monitoring, enabling rapid course correction and continuous improvement.	Localized data and tools on locally led adaptation is generated within the context of informal settlements in flood prone areas.	Comoros, Malawi, Ghana, and Côte d'Ivoire	840,000
4.Sub-grants for piloting local urban innovations	Piloted hub models in selected neighborhoods to test viability, gather feedback, and refine methods for broader replication.	At least one sub-grant per RUSH is facilitated for community-led project piloting	Comoros, Malawi, Ghana, and Côte d'Ivoire	930,000
5. Innovation toolkits for replication and knowledge sharing	Ensured access to low-cost tools that enhance communities' technical, digital, and organizational capacities, with the potential to transform flood resilience building into green jobs.	Standardized training materials, open-source digital tools, and documented lessons produced to support replication of successful models beyond the initial cities	Comoros, Malawi, Ghana, and Côte d'Ivoire	280,000
6.Innovation accelerator through community engagement and advocacy	Adaptation benefits equitably distributed, with women, youth, informal workers, and underserved communities actively engaged and centred in all processes.	A minimum of 50% female participation, and activities are specifically designed to address barriers faced by marginalized groups.	Comoros, Malawi, Ghana, and Côte d'Ivoire	430,000
7. Project/Programme Execution cost				400,000
8. Total Project/Programme Cost				4,600,000
9. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable)				400,000
Amount of Financing Requested				5,000,000

Project Duration: 3 years (36 months)

PART II: PROJECT / PROGRAMME JUSTIFICATION

The proposed regional project builds on previous Adaptation Fund-supported interventions and UN-Habitat programming in the four target countries. It addresses the intensifying impacts of climate change in informal settlements, where frequent flooding, prolonged dry periods, and inadequate drainage systems are compounded by unmanaged plastic waste. The RUSH model offers a locally led, scalable solution that integrates physical infrastructure, innovative digital tools, and community capacity-building.

Each RUSH will serve as a collaborative platform for training, knowledge dissemination, co-creation, and piloting of locally appropriate flood risk reduction innovations. They will incubate a suite of innovations tailored to local needs and realities, including rain and stormwater harvesting systems using recycled plastic waste, plastic-based permeable paving blocks to reduce surface runoff, community-managed material recovery facilities, and co-developed early action systems integrated with municipal early warning mechanisms. The RUSHs will also host open-source digital tools (dashboards and mobile apps) for real-time flood risk monitoring and data collection, enabling evidence-based local decision-making. They will also build technical, leadership, and organizational capacity among youth, women, and informal workers as well as municipal technicians, enabling communities to sustain and scale adaptation initiatives in coordination with municipal authorities and in line with existing strategies and service delivery.

The initiative promotes innovation across multiple dimensions. *Technologically*, it introduces digital tools and fabrication techniques to enable the local production of low-cost, replicable sustainable solutions for flood resilience. *Socially*, it centres community leadership, especially among women, youth, and persons with disabilities, shifting power toward these groups to co-create climate solutions and reshape local governance through inclusive decision-making. *Institutionally*, the hubs serve as decentralized mechanisms for multi-level governance, strengthening collaboration between communities, municipalities, and private sector actors. *Financially*, the hubs promote circular economy models, such as the transformation of plastic waste into marketable products, and explore revenue streams like buy-back schemes and micro-contracts for maintenance services. *Process-wise*, the RUSHs provide a space for iterative learning and adaptive management through participatory co-design, community-led monitoring, and feedback loops. Together, these interconnected innovation streams create a scalable model for transformative and locally-led climate adaptation.

The project is cost-effective due to its modular design, which allows low-cost replication in other cities. Shared tools and training reduce duplication, and community ownership ensures long-term viability. Scaling will be supported through engagement with cities that applied the CityRAP Tool across Africa and accelerated via the Aqinile Partnership on Urban Resilience, an alliance co-led by the African Union Commission, UNEP, UNDP, and UN-Habitat. The proposal also fully aligns with ongoing Adaptation Fund projects, including *Improving Resilience of Coastal Communities in Côte d'Ivoire and Ghana*, and builds on the experience of the Adaptation Fund-financed regional project *Building Urban Climate Resilience in Southeastern Africa* (implemented by UN-Habitat in Comoros, Malawi, Mozambique, and Madagascar).

The initiative aligns with national and regional strategies. In Ghana, it supports the National Adaptation Plan, National Urban Policy, National Plastic Action Partnership Roadmap, and Decentralization Strategy, Circular Economy Framework (currently being drafted), and National Environmental and Sanitation Policy. In Côte d'Ivoire, it aligns with the National Disaster Risk Management Strategy and National Development Plan. In Comoros, it aligns with the National Action Programme of Adaptation to Climate Change. In Malawi, it builds on national climate strategies. Globally, it contributes to the Global Research and Action Agenda under Innovate4Cities and the IPCC's focus on resilience in LDCs and SIDS.

By elevating community voices and linking local innovation to institutional planning processes, the project aims to strengthen trust, accountability, and responsiveness in urban climate governance. Partnerships with already-identified local and municipal agencies - such as Ghana's district office of National Disaster Management - alongside national ministries (ex: Comoros' Ministry of Territorial Planning, Urbanism, Land and Transport), community-based organizations (ex: *J'aime Jacqueline*, a youth-led clean-up initiative), and local communities will be instrumental to the Hubs and enable the project's long-term sustainability.

The project provides economic benefits through green jobs, social benefits through inclusive governance, and environmental benefits by reducing flood risks and plastic pollution. It complies with national technical standards and avoids duplication by building on existing AF projects. Environmental and social risks are mitigated through inclusive planning, adaptive management, and feedback mechanisms.

With a cross-country network of RUSHs linked through a regional learning platform, this initiative positions itself not only as a targeted intervention in four vulnerable cities but also as a scalable model for inclusive, bottom-up adaptation in low-income urban settings. This presents a strong opportunity to scale community-led adaptation by building on existing partnerships, UN-Habitat programming and existing Adaptation Fund-supported initiatives on flood risk reduction.

PART III: IMPLEMENTATION ARRANGEMENTS

UN-Habitat will lead implementation in partnership with national and municipal agencies in each country. In Ghana, key partners include the district office of the National Disaster Management Organization (NADMO), the Ada East District Assembly, the Physical Planning Department, and the Environmental Health and Sanitation Unit. In Comoros, the Ministry of Territorial Planning, Urbanism, Land Affairs and Transport (MATUAFFT) will be engaged. In Côte d'Ivoire, the Ministry of Hydraulics, Sanitation and Health (MINHAS), the Ministry of Interior, and the Municipality of Jacqueville will play key roles. In Malawi, the Department of Disaster Management Affairs (DODMA) and the Mzuzu E-Hub will be involved.

Coordination will be facilitated through UN-Habitat's Regional Office for Africa (ROAf). Local governments and community organizations will co-lead hub operations, ensuring ownership and sustainability. Regional learning and scaling will be supported through engagement with cities that applied the CityRAP Tool across Africa and accelerated via the Aqinile Partnership on Urban Resilience, an alliance co-led by the African Union Commission, UNEP, UNDP, and UN-Habitat.

D. PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme: in America and The Caribbean	Transforming Cities: Urban Resilience and Adaptation
Countries:	Honduras, El Salvador, Colombia and Peru
Thematic Focal Area:	Disaster risk reduction and early warning systems
Type of Implementing Entity:	Multilateral Implementing Entity (MIE)
Implementing Entity:	UN-Habitat
Executing Entities:	UN-Habitat Regional Office for Latin America and the Caribbean with support from subregional offices in Mesoamerica and the Andes (for the Implementing Entity, National and local governments in above countries, Regional city networks (or regional arm of global city networks), innovation partners, universities, civil society organizations, utilities and private sector – see implementation arrangements.

Amount of Financing Requested: 5 million (in U.S Dollars Equivalent)

Project / Programme Background and Context:

Latin America and the Caribbean (LAC) is one of the world's most urbanized and climate-vulnerable regions, facing the compounded challenges of housing deficits, social vulnerability, and increased exposure to climate-related hazards. The four selected countries have high urban and environmental vulnerabilities and fragilities. For instance, 60% of the dwellings in Honduras and 29% in El Salvador present a qualitative dwelling. In Peru, a third of the urban population lives in informal settlements, and 40% lacks safe access to basic services (World Bank, 2021). Urban poverty is also a determining factor. Honduras has the highest rate among the prioritized countries, with 59.3% of total poverty, followed by Colombia. This limits the capacity of families to access adequate housing, basic services and means of adaptation to risks.

Additionally, climate projections for these countries show worrying scenarios. For instance, temperatures are expected to increase up to 4.7°C in the central-western zone of Honduras by 2100, with projections of severe rainfall reduction and sea level rise affecting both rural areas and coastal urban centres. El Salvador faces an estimated temperature increase of between 1°C and 4.5°C and a growing alteration in rainfall cycles, which aggravates the risks of prolonged droughts and extreme events linked to El Niño and La Niña phenomena (UN-Habitat, 2024). For Peru, 75% of the emergencies registered between 2003 and 2020 were associated with hydrometeorological events, leading to an estimated average annual loss of USD 280 million (World Bank, 2021).

These conditions, together with the limited technical and financial capacity of local governments to implement sustainable, climate-resilient urban development processes, highlight the priority risks to be addressed in urban planning. Informal settlements and underserved urban neighbourhoods bear the burden of these intersecting risks, often lacking access to risk data, resilience planning, and basic infrastructure. Latin American cities urgently need innovative data tools and urban solutions to address their environmental and urban crises. Digital platforms and geospatial mapping offer accurate, up-to-date information on vulnerability and housing needs, essential for crafting effective public policies and targeted interventions in

vulnerable areas. Building resilient urban solutions and managing disaster risks require inclusive, collaborative governance and capacity building across government, the private sector, and civil society, fostering safer, more sustainable, and resilient cities for future challenges.

Project / Programme Objectives:

The project aims to strengthen resilience and improve the living conditions of vulnerable urban populations, benefiting over one million people through inclusive urban resilience plans, policies and adaptation solutions. It will leverage technology and participatory processes, ensuring the inclusion of the most vulnerable urban population as well as the capacity building of municipal authorities. Through this project, at least 1,000,000 million people benefited with urban resilience plans, policies and/or interventions.

Project / Programme Components and Financing:

Project/Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (US\$)
1. Data generation through technology and innovation	Municipal governments have access to up-to-date data, high-quality risk maps and digital tools, to enable the implementation of effective public policies and urban resilience interventions based on scientific evidence and inclusive perspectives.	Output 1.1 Risk profile: exposure and vulnerability analysis Output 1.2 Digital platform for risk visualization	El Salvador Honduras Colombia Peru	1,600,000 (400,000 per country)
2. Innovative people-centred urban solutions integrating urban resilience and adaptation at the neighbourhood level	Local communities and stakeholders involved in urban development and climate adaptation participate in the creation and implementation of data-driven, innovative and context-specific urban solutions to strengthen systemic urban resilience and climate adaptation at the neighbourhood level. Favours the reduction of urban poverty.	Output 2.1 Integrated Urban Operations for Innovation (IUOI) Output 2.2 Pilot projects of urban innovations	El Salvador Honduras Colombia Peru	2,600,000 (650,000 per country)
6. Project/Programme Execution cost				400,000
7. Total Project/Programme Cost				4,600,000
8. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable)				400,000
Amount of Financing Requested				5,000,000

Project Duration: Four years (48 months). The first 30 months will focus on the development of Outcome 1, beginning with the elaboration of Output 1.2 and all the necessary contextual diagnostics to support its formulation. Concurrently, during the first year, digital platforms for data visualization will be developed

(Output 1.2). These platforms will ultimately serve as the delivery mechanism for the results of Output 1.1. Starting in month 18, the implementation of Outcome 2 will run in parallel with the finalization of Outcome 1. This sequencing is strategic, as Output 2.1 will build upon the inputs generated thus far to develop the Integrated Urban Operations (IUOs) (Output 2.1), which will be documented for each selected neighbourhood. From each of these IUO documents, four priority actions will be identified and implemented on the ground beginning in month 36 (Output 2.2).

PART II: PROJECT / PROGRAMME JUSTIFICATION

The project focuses on data generation through technology and innovation and includes creating updated data and risk maps to inform public policies based on scientific evidence and inclusive processes, and exposure and vulnerability analyses, enhanced by participatory processes that validate and enrich information while training municipal teams in its application. Also, digital platforms will be developed to visualize risks and coordinate with municipal, national, and regional entities to guarantee public access and enhance community understanding. The project also includes the development of four Integrated Urban Operations for Innovation (IUOIs), one per country, and four pilot projects showcasing innovative urban solutions, featuring nature-based solutions, early warning systems, and community observatories. High-risk neighborhoods will be prioritized to design IUOIs functioning as localized plans with tailored interventions and structured financing for implementation. The project aims to train more than 200 municipal officials and involve at least 200 community members in participatory processes. Evidence will be generated and shared through at least five open-access platforms displaying geospatial risk profiles.

Expected results:

1. **New innovations and risk-taking encouraged and accelerated:** 4 Integrated Urban Operations developed and 4 pilot projects implemented (one per country).
2. **Successful innovations replicated and scaled:** At least 50% of pilot projects have been scaled up to other parts of the cities or other cities in the countries of interventions.
3. **Access and capacities enhanced:** At least 200+ municipal staff trained; at least 200 people engaged in participatory processes.
4. **Evidence base generated and shared:** At least 5 municipal/national/regional platforms offer open access to geospatial risk profiles.

Expected Impact: With the project, El Salvador, Honduras, Colombia and Peru will experience a significant transformation in their capacity to deal with urban risks and disasters. Through technology and innovation, municipal governments will have up-to-date data, high quality risk maps and digital platforms that will allow them to design public policies based on scientific evidence and inclusive perspectives. This will increase the effectiveness of urban risk management and climate adaptation at the local level, focusing on priority high-vulnerability neighbourhoods to implement innovative and targeted urban solutions that reduce urban poverty and substantially improve the quality of life of their most vulnerable inhabitants.

The vision for these countries is to build more resilient cities adapted to climate change, where community participation and the use of digital tools foster integrated and sustainable urban planning. With integrated urban plans at the neighborhood level and pilot projects that include nature-based solutions, early warning systems and community observatories, these cities will be able to better manage risks such as floods, landslides and other extreme weather impacts under a changing climate.

Added value: The regional focus of the project will foster strategic synergies to incorporate best practices and methodologies from United Nations agencies in the region. Alliances with ECLAC and UNDRR will

bring in top regional expertise in risk management and data generation. Collaboration between the Community of Andean Countries and the Central American Integration System will be promoted to ensure proper implementation, scalability, and replicability. The initiative will also strengthen partnerships with international cooperation entities to support technical exchange, innovation, and transfer of best practices aligned with neutrality, quality, efficiency, and sustainability, adding value for stakeholders. Key actions include:

- Establishing mechanisms to share experiences from similar projects among cities.
- Promoting partnerships between Latin American and Swiss cities with comparable challenges through networks like UNDRR's city network, encouraging exchange beyond risk management.
- Facilitating knowledge exchange on GIS and machine learning to enhance project outputs.

Scalability and replicability: The project has strong potential for national and regional scalability thanks to its modular, adaptable approach that strengthens local capacities. Its evidence-based methods, including exposure and vulnerability analysis, risk mapping, digital platforms, and Integrated Urban Operations for Innovation (IUOs), can be customized for diverse urban contexts across Latin America and the Caribbean. The modular design also applies to the capacity-building components, which are structured in thematic training blocks that follow a logical sequence but are not mandatory. This allows local governments and their technical staff to engage with the training either progressively or by selecting specific modules based on their immediate needs and institutional priorities, ensuring flexibility without compromising the overall coherence of the methodology. It promotes inclusive participation, building community ownership for sustainability and replication. Open digital platforms enable knowledge sharing and collective learning. Along with training, city exchanges, and best practice systematization, the project fosters ongoing institutional learning and scalable regional collaboration for a resilient urban ecosystem.

Policy Alignment: The project contributes to **National Adaptation Plans** and **Nationally Determined Contributions**, aligning local initiatives with national sustainable development and climate adaptation goals, projecting a future where El Salvador, Honduras, Colombia and Peru can anticipate and mitigate the effects of the climate crisis in their most vulnerable urban areas. It also aligns with national priorities under the United Nations Sustainable Development Cooperation Framework (UNSDCF) as follows:

Colombia

- SP2. Environment, climate action and the clean and fair energy transition.
- Product 4.1.3 Support in strengthening capacities to advance processes of knowledge, reduction and management of disaster risk from a perspective of sustainable development and in favor of climate action

Peru

- SP2. Environmental management, climate change and risk management
- Direct effect 4. By 2026, vulnerable populations and ecosystems will strengthen resilience through improved policies and effective mechanisms for environmental, climate, disaster risk, and humanitarian crisis management, with integrated focus on gender, rights, interculturality, life cycle, and territory.

Honduras

- SP Horizontal: Achieving the 2030 Agenda through resilient and inclusive reconstruction in the face of the 2020 crisis
- Output 2.3.4: National and local capacities strengthened for emergency preparedness and response, resilience, risk management, and adaptation to climate change

El Salvador

- SP 2. Economic transformation toward an inclusive, environmentally and socially sustainable, resilient, and innovative model.
- Output E5.P1. National and local institutions, private entities, and communities are enhancing capacities and participation in evidence-based policymaking and programs to support a resilient, low-emission transition. This includes reducing vulnerabilities, adapting to climate change, and

transforming cities through projects that strengthen agri-food systems and sustainable, resilient infrastructure, focusing on vulnerable populations.

It also directly links to the **Global Goal on Adaptation (GGA)**, particularly objectives 9e, 10a, 10b and 10e, seeking to improve the resilience of urban infrastructure and human settlements, strengthen the scientific evidence for adaptation and facilitate integrated solutions for climate risk management. The exposure and vulnerability exercises provide solid support to these objectives by providing detailed information for adaptive decision making. The generation of up-to-date data, risk maps and digital platforms facilitates the adoption of evidence-based policies that improve urban governance and risk management at the local level. In addition, the emphasis on participatory interventions and piloting of innovative solutions contributes to the development of technical and social capacities in municipal governments and their communities, promoting contextualized technology transfer and accessibility to adequate financing to implement urban resilience plans, which is fundamental for the effective implementation of the Paris Agreement in vulnerable cities.

Gender Equality, Disability and Social Inclusion (GEDSI): Within the project, policies and actions will be designed and implemented with an inclusive approach that recognizes and addresses the specific needs of traditionally vulnerable groups, such as women, youth, indigenous communities and people with disabilities. This will involve ensuring their active and equitable participation in all consultation, planning and decision-making processes, strengthening their resilience through access to information, training and resources adapted to their realities. In addition, urban interventions will consider the elimination of physical, social and cultural barriers to ensure universal accessibility and equal opportunities for adaptation and response to urban and climate risks.

This GEDSI approach will also demand that the data collected include disaggregation by gender, age, ethnicity and disability status to clearly identify differentiated vulnerabilities and tailor urban solutions to respond to these specificities. In this way, pilot interventions and integrated urban plans will promote not only risk reduction, but also social equity, increasing the well-being and safety of historically marginalized groups. In this way, urban resilience will not only be measured by disaster resilience, but also by social inclusion, empowerment and environmental justice, fostering truly sustainable and just urban development.

Risk management: The development of IUOIs ensures inclusive participation by combining technical and participatory activities tailored to the urban context. This approach promotes sustainable governance through collaboration among local governments, communities, and partners, delivering actionable solutions while strengthening governance and monitoring for long-term continuity and replicability.

Key risks include loss of local government support, political instability, and limits on international cooperation. These risks are mitigated through ongoing situational analysis, stakeholder mapping, and early warning mechanisms coordinated by the Regional Office. Risk management is further reinforced by robust community engagement strategies, periodic commitment checks with local authorities, and adaptive work planning. In addition, the project will leverage existing institutional relationships with non-governmental actors in the four target countries (NGOs, academia, and professional associations) to foster ownership, strengthen local capacities, and reduce vulnerabilities linked to political turnover or lack of continuity in public administration.

The project does not anticipate the handling of sensitive information; therefore, Non-Disclosure Agreements (NDAs) will not be required. Instead, project outputs will build upon publicly available sources and aim to generate new, open-access knowledge to support other actors and initiatives in the region. Furthermore, while the initiative acknowledges the existence of similar objectives in ongoing projects funded by the GCF or SDC, its connection with these efforts will be limited to informing and strengthening the diagnostic methodology for Outputs 1.1 and 2.1. This is due to the territorial scope of those projects, which are restricted to countries or cities not included in the present initiative. The development and implementation methodology will draw on previous or ongoing experiences in the region to inform a context specific approach tailored to the target countries, while explicitly avoiding any duplication in scope, objectives, or beneficiaries.

MEL approach: The project will apply a structured Monitoring, Evaluation, and Learning (MEL) framework led by UN-Habitat's Regional Office for Latin America and the Caribbean, with technical coordination from

its subregional hubs in Mesoamerica and the Andes. The Regional Office will oversee indicator alignment, data consolidation, and reporting, while subregional teams will support baseline assessments, activity tracking, and engagement with local actors. Monitoring methods will include standardized indicators, geospatial analysis, field surveys, participatory tools, and qualitative assessments. Key MEL milestones include a baseline study (months 1–6), three midterm reviews (around month 12, 24 and 36), and a final evaluation (month 42), alongside regular progress reports every six months.

Learning is embedded through adaptive management practices. Community feedback will be reached through a participatory governance strategy (PGS) that will use workshops, digital surveys, and feedback loops, to inform implementation and ensure responsiveness. Specifically, Output 1.2 will be informed by the data generated through the PGS, making it available to decision-makers to support transparency, informed planning, and public engagement. Similarly, IUOs will be deployed as iterative, learning-driven processes, with flexibility to adjust their scope or methodology based on field evidence and lessons learned throughout the project cycle.

PART III: IMPLEMENTATION ARRANGEMENTS

UN-Habitat's Regional Office for Latin America and the Caribbean will lead the project, supported by subregional offices in Mesoamerica and the Andes, ensuring local expertise and tailored interventions. The Regional Office coordinates a wide network of stakeholders, including government institutions at various levels and UN-Habitat country offices, working directly with local counterparts in Honduras, El Salvador, Colombia, and Peru. This structure strengthens the project's technical capacity, relevance, and sustainability. In addition, the project will be supported by the Urban lab of the Planning, Finance, and Economy team, as well as the Climate Change and Urban Environment team at UN-Habitat HQ.

Key partners include municipalities, environment and housing ministries, civil society, academia, professional guilds, the private sector, regional bodies such as SICA (Central American Integration System) and CAN (Andean Community), and cooperating agencies such as the Swiss Agency for Development and Cooperation (SDC/COSUDE), the Spanish Agency for International Development Cooperation (AECID), the Green Climate Fund (GCF), and the Central American Bank for Economic Integration (CABEI). Alliances with SICA, CAN, SDC, and GCF are already established through ongoing or recently concluded projects with strong thematic and operational relevance to this initiative, particularly in the field of climate adaptation. In the case of AECID and CABEI, the project builds on approved initiatives that are currently in the inception phase, allowing for timely integration and alignment of efforts.

Notably, SDC has already preapproved financial support for a complementary project proposal to this initiative, currently under review as part of its broader regional programming in LAC. To ensure efficiency and coherence in budget execution, the project will build upon and integrate existing platforms and tools already operational in the region, such as those under Our City Plans, and will leverage coordination mechanisms with participating partners to avoid duplication, ensure harmonization, and promote scalability.

E. PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme:	I4CA: Innovate for City-led Adaptation
Countries:	Global, with a focus on the countries targeted in the above RO-led projects
Thematic Focal Area:	Innovation in adaptation finance
Type of Implementing Entity:	Multilateral
Implementing Entity:	UN-Habitat
Executing Entities:	Global Covenant of Mayors (GCoM), especially through its Research and Innovation Technical Working Group, City networks including ICLEI (which also serves as secretariat to the UNFCCC focal point for the Local Governments and Municipal Authorities Constituency), C40 and UCLG.
Amount of Financing Requested:	\$3,800,000 (in U.S Dollars Equivalent)

Project / Programme Background and Context:

Most locally led climate innovations fail to scale because they lack access to finance, technical knowledge, and institutional support for replication across cities. Even when pilots succeed, lessons often remain undocumented or disconnected from policy frameworks, limiting their influence on adaptation planning and climate finance flows. Failing to incorporate the lessons of locally led adaptation into such processes can have severe impacts on local communities, reinforcing existing vulnerabilities, creating new risks and exacerbating inequalities.

UN-Habitat's global climate change programme is uniquely positioned to address this gap by linking bold on-ground innovative solutions to global policy, research, and funding ecosystems. Rather than creating new structures, this project will strengthen and scale existing local and regional networks, and also innovation mechanisms such as [Innovate4Cities \(I4C\)](#), the Global Covenant of Mayors' Research & Innovation Technical Working Group, the [Global Research and Action Agenda \(GRAA\)](#), and feed into the [IPCC Special Report on Climate Change and Cities](#) process. These platforms offer direct pathways for local insights to shape (and leverage) NDCs, NAPs, the Global Goal on Adaptation (GGA), and climate finance priorities. By bridging the gap between innovation implementation and national/global climate policy, this project will create processes by which regional innovation networks can be reinforced for long-term self-sustaining impact towards urban climate adaptation.

Project / Programme Objectives:

The primary objectives of this programme are to:

1. Create and enable mechanisms for locally led innovation through partner networks to build upon the latest scientific evidence and the knowledge and experiences of local communities.

2. Ensure that the insights of locally led climate innovations inform climate policy making and implementation at the national, regional and global levels
3. Bolster political support and finance flows towards locally led climate innovations by elevating the conversation around urban climate adaptation innovation to decision-making spaces

Project / Programme Components and Financing:

Project/Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (US\$)
Knowledge and insights from urban climate adaptation knowledge and innovation, including the IPCC Special Report on Climate Change and Cities, are recorded, compiled, analyzed, and disseminated through appropriate channels	Increased public awareness about climate adaptation innovations, replication in other cities, encouragement of innovative entrepreneurship, awareness and capacity of policymakers	Synthesis Reports, Thematic Analyses, Innovation Case Studies	Global	380,000
Regional and National Urban Adaptation Innovation Fora / Innovate4Cities Market Places to match innovation demand with research and innovation (10)	Increased knowledge exchange learning, integrate local voices, and align with global goals and research gaps	Facilitated dialogues for regional offices and national stakeholders	Global	1,406,000
Organize a series of events, workshops, knowledge exchange platforms linked with SRCities, I4C, COP, focused specifically on urban climate adaptation innovations	Greater visibility of urban climate adaptation innovation projects, increased capacity of policymakers, entrepreneurs, researchers to catalyze scale-ups	Advocacy, Workshops, Events at Global Climate Platforms	Global	1,406,000
6. Project/Programme Execution cost				304,000
7. Total Project/Programme Cost				3,496,000
8. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable)				304,000
Amount of Financing Requested				3,800,000

Project Duration: Four years (48 months)

PART II: PROJECT / PROGRAMME JUSTIFICATION

Activities:

Workstream 1: Connecting Pilots to Global Knowledge and Policy Frameworks. UN-Habitat's Global Climate Change Team will create a structured feedback loop where regional pilots inform, and are informed by, global science and policy.

- **Communities of Practice & National Urban Forums:** Facilitated dialogues for regional offices and national stakeholders to exchange learning, integrate local voices, and align with global goals. This will ensure that best practices are institutionally recognized for replication across identified countries. Forums will also help ground innovation pilots in national policies/frameworks to bolster political alignment and leverage international climate finance opportunities.
- **Knowledge Synthesis:** A flagship global report consolidating lessons from regional pilots and emerging global innovations (sourcing additional cutting-edge examples from networks like ICLEI, C40, GCoM partners, IPCC, and others) with policy briefs linking these to NDCs, NAPs, and IPCC priorities. At least 50 new entries will be added to the GRAA database focusing on case studies, grey literature, and thematic analyses on adaptation innovation.

Workstream 2: Global Elevation and Advocacy. UN-Habitat's Global Climate Change Team will amplify lessons and influence global discourse through strategic platforms where adaptation agendas are shaped. Expected increased visibility coupled with targeted alignment with opportunities for scale-up, replication, and dedicated financing.

- **GCoM Research and Innovation TWG:** Sharing of innovations achieved through regional projects through this monthly virtual forum bringing together dedicated city network representatives. The Working Group members will also feedback opportunities to further disseminate, replicate and scale innovation and good practices through their channels and initiatives.
- **I4C Integration:** Dedicated sessions in I4C conferences and a strong presence in I4C marketplaces spotlighting innovations emerging from this programme.
- **COP and World Urban Forum Engagement:** Co-created side events, advocacy briefs, and policy dialogues to link grassroots innovations to the Global Goal on Adaptation and Global Stock Take (including a potential Global Urban Stock Take).
- **Targeted Campaigns:** Multimedia case-study compendium, thematic briefs on topics such as water security, heat resilience, and digital adaptation for circulation among funders, policymakers, and city networks.

Expected Impact:

WP1 – Knowledge:

Cutting edge scientific knowledge (chiefly linked to the outcomes of the IPCC SRCities process) on urban climate adaptation innovation is successfully incorporated into RO-led sub-programmes but also extends beyond to influence policies and commitments across governance levels. Additionally, actionable knowledge is generated and shared through a community of practice, national urban forums, and implementation of ROs' innovative sub-programmes.

WP2 – Advocacy and communication

By connecting grassroots innovations with global discourse, the project will influence urban adaptation planning norms, climate finance design, and policy priorities, ensuring that local solutions inform global stocktakes and urban adaptation targets.

Types of Innovation:

- **Institutional and Process Innovation:** Developing a global knowledge architecture for urban climate adaptation by consolidating diverse regional experiences into a scalable framework.
- **Technological Innovation:** Elevating insights and lessons from ROAS smart water technologies, ROLAC's digital vulnerability tools, ROAF's hybrid physical-digital LURHs, and ROAP's incubator for local innovations. Additionally, as part of a synthesis research report that analyses

gaps/opportunities for climate-resilient urban innovation, CCUE will leverage AI-driven Large Language Models to analyze Urban Innovation content in NDCs.

- **Social and Financial Innovation:** Documenting community-led adaptation and financing models emerging from pilot countries and integrating these into global learning platforms.

Risk Management:

All captured and transmitted knowledge will ensure that the portfolio of projects maintains a focus on equitable outcomes and inclusivity. Voices from marginalized communities including (but not limited to) the urban poor, women, youth, elderly, people with disabilities, and informal settlement communities will be reflected in all knowledge outputs. This project will curate and facilitate candid discussions on inclusionary principles of urban climate innovation through the various workshops and advocacy initiatives, including NUFs and the community of practice.

MEL Approach:

- Insights will be showcased annually at I4C, WUF, and COP, ensuring global visibility and replication pathways. Continuous learning loops will be maintained via the GCoM R&I TWG and SURGe hubs, supporting horizontal exchange among cities and regions.
- The co-created MEL framework and the standardized methodological framework and reporting mechanisms will enable the learning and replication potential of the global component.
- NUFs and the community of practice will foster co-creative learning processes and will have the potential of being replicated at different scales.

PART III: IMPLEMENTATION ARRANGEMENTS

UN-Habitat will facilitate a knowledge hub for this programme on cutting edge innovation for urban climate adaptation, working closely with the relevant Regional Offices (ROs) namely the Regional Office for Arab States (ROAS), The Regional office for Latin America and the Caribbean (ROLAC), the Regional Office for Africa (ROAf), and the Regional Office for Asia and the Pacific (ROAP).

Key executing entities will include the Global Covenant of Mayors (GCoM), especially through its Research and Innovation Technical Working Group, city networks like C40 and ICLEI, policymakers, academic institutions, the IPCC, and other actors in the climate and innovation space. Existing coordination mechanisms between UN-Habitat and these partner organizations will be expanded and strengthened through this support.

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

A. Record of endorsement on behalf of the government³ *Provide the name and position of the government official and indicate date of endorsement for each country participating in the proposed project/programme. Add more lines as necessary. The endorsement letters should be attached as annexes to the project/programme proposal.*

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

<p>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 across a wide range of countries in the African, Arab-States, Asia Pacific, Latin-America and Caribbean regions 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 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.</p>	
<p><i>Raf Tuts,</i> <i>Director, Global Solutions Division</i></p>  <p>Implementing Entity Coordinator</p>	
Date: August, 8 2025	Tel. and email: Tel.: +254-20-7623726 raf.tuts@un.org

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.



ADAPTATION FUND

PRE-CONCEPT FOR A REGIONAL PROJECT/PROGRAMME

PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme: Adaptation SMEs Innovation Facility - Scale (ASIF Scale)

Countries: Global

Thematic Focal Area¹: Choose an item. AFCIA Phase II

Type of Implementing Entity: Multilateral Implementing Entity

Implementing Entity: UNIDO

Executing Entities: TBD

Amount of Financing Requested: 30,000,000 (in U.S Dollars Equivalent)

Project Formulation Grant Request: Yes No

Amount of Requested financing for PFG²: (in U.S Dollars Equivalent) Not applicable

Letters of Endorsement (LOE) signed for all countries: Not applicable

Stage of Submission: This is the first submission ever of the pre-concept

A. Project/Programme Background and Context:

1. The impacts of climate change are intensifying worldwide—but they are disproportionately concentrated in developing countries and emerging economies. According to the IPCC Sixth Assessment Report, many low- and middle-income countries are already experiencing warming above the global average, with rising exposure to floods, droughts, sea-level rise, and extreme heat (IPCC, 2023). These climate hazards threaten lives, ecosystems, infrastructure, and the economic foundations of development.
2. The most climate-vulnerable regions—Sub-Saharan Africa, South Asia, and Small Island Developing States (SIDS)—are also those with the least adaptive capacity and limited fiscal space to absorb shocks. UNEP’s Adaptation Gap Report (2023) estimates that adaptation finance needs in developing countries will reach US\$215–387 billion annually by 2030, yet

¹ Thematic areas are: Food security; Disaster risk reduction and early warning systems; Transboundary water management; Innovation in adaptation finance.

² Based on previous experience with EoIs, our current understanding is that PFG modality is not applicable to this EoI. In the case PFG is available, please advise and we would be ready to submit the formal PFG request by Monday, 11 August 2025.

international public flows remain below US\$25 billion/year, leaving an adaptation finance gap of over 85% (UNEP, 2023). For many African countries, adaptation investment remains less than US\$5 per person annually, despite facing climate-related losses equivalent to 2–5% of GDP each year (UNEP, 2022; AfDB, 2021).

3. Bridging this adaptation gap requires not only more finance but also more fit-for-purpose, scalable solutions that can respond to local risks in cost-effective and timely ways. Traditional top-down infrastructure projects are not sufficient on their own. A new generation of decentralized, demand-responsive innovations—especially stemming from small and medium-sized enterprises (SMEs)—is essential for reaching underserved communities, enhancing resilience across value chains, and accelerating local adaptation.

A1. SMEs as Critical Providers of Innovative Adaptation Solutions

4. Small and medium-sized enterprises (SMEs) are increasingly recognized as essential contributors to climate adaptation—not only because of their community embeddedness, but because they fill a persistent structural gap in how adaptation solutions are delivered. In many vulnerable areas, local entrepreneurs and SMEs are often the only actors with the contextual knowledge, proximity to end-users, and operational agility required to address rapidly evolving climate risks. Unlike large infrastructure projects or centralized public programmes, SMEs can respond nimbly, iterate based on feedback, and align closely with the lived realities of affected populations.
5. Across developing countries, adaptation SMEs are already delivering high-impact adaptation innovations in sectors such as:
 - Climate-smart agriculture – soil diagnostics, biofertilizers, regenerative farming systems, solar-powered irrigation
 - Water access and security – affordable filtration, smart metering, remote leak detection, rainwater harvesting
 - Disaster risk management – mobile-based early warning systems, flood mapping, community preparedness apps
 - Resilient housing and infrastructure – modular design, passive cooling technologies, flood-resilient construction
 - Ecosystem-based adaptation – mangrove restoration, urban nature-based drainage, native species reforestation
6. These adaptation SMEs are therefore not passive recipients of support—they are active providers of adaptation services. Their solutions have potential to be refined through co-development with local actors, informed by participatory deployment processes, and adapted in real-time to social, cultural, and environmental feedback. Because SMEs engage directly with end-users—farmers, women's cooperatives, informal settlements, and local authorities—they are also uniquely positioned to operationalize the core principles of Locally Led Adaptation (LLA), including subsidiarity, accountability, and context-specific design.
7. Moreover, SMEs are pivotal for enabling inclusive and equitable adaptation. In many countries, SMEs employ and serve women, youth, and other marginalized groups disproportionately affected by climate shocks. By supporting these enterprises, adaptation investments can help build inclusive markets, deliver co-benefits such as local job creation, and address systemic vulnerabilities in tandem with climate resilience.

8. Economic footprint of SMEs also underscores their relevance. Globally, SMEs represent over 90% of all businesses, account for two-thirds of employment, and contribute up to 40% of GDP in developing countries (World Bank, 2023). In fragile or rural settings, they are often the backbone of local service delivery and market systems. The case for working with adaptation SMEs is also one of systemic efficiency. Compared to large-scale infrastructure, SME-led adaptation innovations are often faster to deploy, more modular, and significantly lower-cost. They offer a pathway to distribute adaptation solutions across geographies and sectors in a way that is scalable, participatory, and demand responsive. Supporting them unlocks a powerful lever for not only deploying innovation—but shaping resilient, inclusive, and sustainable local economies.
9. In addition, investing in adaptation SMEs supports countries to fulfill international and national commitments. These enterprises deliver outcomes aligned with the Paris Agreement (Article 7.5 on country-driven, participatory adaptation), the Sustainable Development Goals (notably SDG 13, 9 and 8), and the Adaptation Fund’s Medium-Term Strategy, which emphasizes locally led, scalable, and innovative approaches. They also represent a pathway to implement the private-sector dimensions of many National Adaptation Plans (NAPs)—a dimension that is increasingly emphasized, but rarely executed.
10. Therefore, adaptation SMEs represent a critical—but currently underleveraged—entry point for translating adaptation strategies into real-world impact. There is still untapped potential for the adaptation SMEs to serve as trusted intermediaries, solution providers, and economic multipliers. By supporting them, scalable, community-rooted, and systems-level adaptation benefits can be unlocked across some of the world’s most climate-vulnerable regions.

A2. Barriers Along the Adaptation Innovation Continuum

11. In realizing their full potential to deliver adaptation and resilience benefits, adaptation SMEs face barriers that prevent them from developing and scaling their solutions. These can be categorized along the adaptation innovation continuum, which spans from ideation and piloting to commercialization and deployment. Two distinct bottlenecks—commonly referred to as “valleys of death”—undermine progress. These are not simply funding gaps, but systemic failures in the support architecture surrounding innovation—each valley reflecting a distinct stage of risk, readiness, and exclusion from mainstream investment and procurement ecosystems.
12. The **“technology valley of death”**: This first bottleneck occurs during the early and mid-stages of technology development, typically between Technology Readiness Levels³ (TRLs) 1–6, when SMEs are attempting to move from ideation and prototyping toward validated field-ready solutions. In these stages, the innovation is still being tested for technical viability, functional reliability, and user relevance. Key barriers include:
 - Limited access to risk-tolerant early-stage finance: Most adaptation SMEs in developing countries lack the collateral, networks, or track record to access traditional venture capital or concessional loans. Early-stage grants are scarce and highly competitive, particularly for adaptation-focused solutions that do not offer short-term commercial returns.

³ [Technology Readiness Levels - NASA](#)

- Inadequate technical assistance and field piloting support: SMEs often lack the engineering and scientific expertise needed to refine prototypes, conduct stress testing, or adapt solutions to diverse geographies and user needs. Without access to technical mentorship, co-creation spaces, or innovation testing labs, promising innovations remain underdeveloped.
- Absence of adaptation impact assessment frameworks: Unlike mitigation, adaptation lacks standardized metrics to assess solution efficacy. SMEs struggle to measure or communicate the resilience benefits of their solutions in ways that resonate with donors, communities, or policymakers.
- Lack of iterative testing infrastructure: Most SMEs cannot afford to run repeated pilot cycles with different user groups. Without feedback loops, innovations remain poorly tailored, and uptake remains limited—even if technically sound.
- Missing market insights and user segmentation: At this stage, many SMEs do not yet understand who their primary user is, how to price their solution, or how to embed it within local systems. These market gaps delay product–market fit and reduce long-term viability.

13. As a result, SMEs in the technology valley of death often have promising ideas but lack the tools, resources, and partnerships to achieve validation, refine their business models, or de-risk their technologies for real-world use. Without targeted support, they rarely progress to the point where they can be deployed at scale or attract commercial partners. The below diagram⁴ shows multiple valleys of death across the innovation journey according to TRLs.

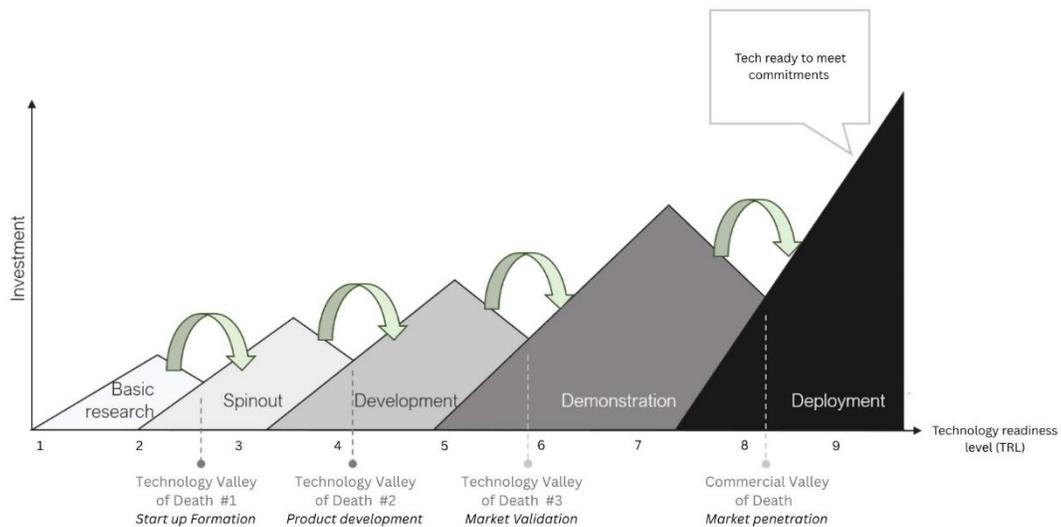


Figure 1 - Innovation "Valleys of Death"

14. The “**commercial valley of death**”: Even among adaptation SMEs that have successfully validated their innovations, the next critical challenge lies in achieving sustained market uptake and scale. This phase, often referred to as the “commercial valley of death”, generally corresponds to Technology Readiness Levels (TRLs) 7–9, where solutions are technically sound but require additional support to reach wider deployment. At this stage, a confluence of systemic challenges—including limited access to finance, constrained procurement pathways, and a lack of enabling institutional frameworks—can hinder the ability of adaptation SMEs to contribute meaningfully to resilience outcomes at scale. The

⁴ Diagram adapted from [Climate Tech's Four Valleys of Death and Why We Must Build a Bridge](#)

common challenges during the commercial valley of death can be categorized into three clusters: demand systems, mobilizing finance, and enabling environment. Supporting adaptation SMEs through these bottlenecks are essential to unlocking the full potential of innovation ecosystems for climate adaptation.

15. **Demand Systems**: While the need for locally appropriate adaptation solutions is widely recognized, many SMEs face difficulties in engaging with demand-side actors such as municipalities, utilities, corporates, industry associations, communities, and cooperatives. These challenges are often rooted not in the quality of the solution, but in the structure and incentives of public and private procurement systems. Key barriers include:
 - Limited availability of recognized certification and performance standards: In the absence of widely accepted third-party validation mechanisms for adaptation solutions, it is often difficult for buyers, investors, procurers to assess solution quality and effectiveness. This can hinder trust and uptake, particularly in public procurement settings that rely on clear benchmarks.
 - Unstructured and underdeveloped demand ecosystems: Many institutional buyers—especially at the subnational level—may lack the tools, resources, or processes to identify, evaluate, or contract SMEs providing innovative adaptation solutions. Procurement systems are typically geared toward conventional suppliers and infrastructure categories.
 - Fragmentation of solution offerings: SMEs often provide highly specialized, single-point solutions that may not align with the integrated service packages sought by large-scale buyers. While these offerings are valuable, there are currently few mechanisms to support bundling or coordinated delivery models.
 - Procurement eligibility constraints: Traditional procurement criteria—such as multi-year financial history, prior public contracts, or minimum turnover thresholds—can unintentionally exclude SMEs. In many countries, procurement systems are not yet equipped to accommodate new vendors or technologies in the adaptation space.
16. These challenges contribute to a gap between available solutions and articulated demand. Supporting buyers to develop inclusive, climate-responsive procurement mechanisms, and enhancing SMEs' visibility and readiness to engage with them, can significantly improve market access and scalability.
17. **Mobilizing Finance**: SMEs with innovations at TRLs 7–9 often require catalytic capital to scale validated solutions and enter new markets. However, many face challenges in mobilizing the appropriate mix of financing to meet their growth needs. While climate finance for adaptation is increasing globally, only a small proportion currently reaches SMEs directly. Key issues include:
 - Mismatch between financing instruments and SME needs: Most adaptation SMEs require smaller ticket sizes (typically between USD 50,000 and 500,000), patient capital, and flexibility to accommodate diverse revenue models. However, available financing—both public and private—is often designed for larger, more mature enterprises and is not sufficiently tailored to SME realities.
 - Perceptions of high risk and limited returns: Adaptation SMEs frequently work in low-margin or service-based sectors, where financial returns are indirect or long-term. These characteristics, combined with limited data and market histories, can deter both commercial and impact investors.
 - Lack of standardized metrics for adaptation impact: The absence of robust, universally accepted frameworks to quantify adaptation

benefits (e.g., avoided losses, increased adaptive capacity) makes it difficult for investors to assess the viability and impact of potential investments.

- Limited exit options and pathways for investor return:
In many developing markets, capital markets remain nascent, and exit opportunities for equity investors—such as acquisitions or listings—are limited. This reduces the attractiveness of investment in early-stage or growth-phase SMEs.
 - Underutilized potential of blended finance:
Public and philanthropic capital could play a stronger role in de-risking investments into adaptation SMEs through instruments such as guarantees, concessional loans, and technical assistance. However, existing blended finance structures remain more focused on mitigation sectors and may not address the specific needs of adaptation innovators.
18. To enable greater flows of capital into adaptation SMEs, it is important to develop and promote financing mechanisms that reflect the characteristics of the sector. These may include procurement-linked finance, outcome-based contracts, and risk-sharing facilities aligned with climate impact objectives.
19. Enabling Environment: Even where solutions are technically validated and funding opportunities exist, the broader enabling environment in many countries may not yet be conducive to SME participation in adaptation delivery. Legal, regulatory, and institutional barriers can limit both the visibility and viability of SMEs in national adaptation efforts. Key constraints include:
- Procurement frameworks not yet adapted to innovation or SME participation:
In many countries, public procurement procedures are governed by rigid rules that limit the inclusion of newer or smaller vendors. For example, long payment cycles and high-performance bond requirements may discourage SME participation, even when interest exists on both sides.
 - Regulatory gaps for adaptation technologies: Emerging adaptation innovations—such as modular housing, decentralized water systems, or bio-based infrastructure—often fall into regulatory grey zones. The absence of clear pathways for approval, licensing, or performance verification creates uncertainty for both SMEs and procurers.
 - Limited integration of SMEs in adaptation planning processes: While many National Adaptation Plans (NAPs) and sectoral strategies acknowledge the role of the private sector, few offer practical entry points for SMEs. Coordination across ministries—particularly those responsible for environment, innovation, procurement, and economic development—is often limited.
 - Fragmentation of support ecosystems: Many SMEs navigate a complex and uncoordinated landscape of incubators, accelerators, donor-funded programs, and financing initiatives. Without a structured progression pathway, they may struggle to access the right support at the right time, particularly as they move from validation to scale.
20. Addressing these enabling environment barriers requires both policy-level reforms and practical tools to facilitate SME inclusion. Examples may include:
- Dedicated procurement windows for climate innovation
 - Climate adaptation technology registries
 - Multi-stakeholder platforms that bridge SMEs, government agencies, and finance providers

21. The commercial valley of death is not a singular challenge but a systemic convergence of constraints across demand, finance, and policy ecosystems. Overcoming it will require coordinated interventions that recognize the role of SMEs not only as innovation developers, but as key actors in national and local adaptation systems. By building trust, mobilizing tailored capital, and strengthening institutional pathways for inclusion, adaptation SMEs can transition from pilots to scale—delivering measurable resilience outcomes where they are most needed.
22. As a result, even technically proven, market or community-ready solutions stall—unable to scale, partner, or commercialize. Public actors do not procure them; private investors do not fund them. This failure to transition from pilot to market undermines both SME survival and systemic resilience building.

A3. AFCIA Partnership to Strengthen the Adaptation Innovation

23. The Adaptation Fund Climate Innovation Accelerator (AFCIA) was launched in 2020 to address these systemic gaps and accelerate innovation for locally led adaptation. Anchored by the Adaptation Fund and implemented through a consortium including UNDP, UNEP/CTCN, WFP, and UNIDO, AFCIA partnership is supporting innovation initiatives globally. Under its first phase, AFCIA partners have:
 - Provided small grants and technical assistance to early-stage innovators
 - Facilitated local deployment of SME solutions in priority sectors such as water and agriculture
24. In particular UNIDO’s initiative under AFCIA Phase I, the Adaptation SMEs Innovation Facility (ASIF) is designed with interventions focused on addressing the technology valley of death—by building innovation capacity, validating adaptation potential, and initiating early deployment in climate-vulnerable communities. Two intervention packages, namely “Ignite” and “Propel” will provide support to adaptation SMEs through the technology valley of death.
25. ASIF Ignite focuses on early-stage adaptation SMEs at lower Technology Readiness Levels (TRLs 3–4) and Business Readiness Levels (BRLs 2–4), providing tailored business advisory support to refine their concepts, validate climate impact potential through the Adaptation Impact Hypothesis (AIH), and align delivery models with LLA principles. ASIF Propel advances SMEs at TRLs 5–7 and BRLs 5–7 by providing milestone-based grants, technical assistance, and support for field deployment of solutions in vulnerable communities. The emphasis is on testing and de-risking innovation through participatory deployment, enabling SMEs to reach demonstration-ready maturity.
26. AFCIA Phase II offers an opportunity to build on these foundations and target the commercial valley of death—where validated adaptation solutions often stall due to lack of certification, market pathways, and commercialization support. Therefore, the current proposal, ASIF Scale, aims to complement existing adaptation innovation efforts—such as ASIF and other early-stage enterprise support mechanisms—by focusing on SMEs that have successfully developed and field-tested solutions (TRLs 7–9) but face critical barriers to market integration and scale. UNIDO’s industrial policy expertise, network of SMEs and technical cooperation frameworks uniquely position UNIDO to design and lead ASIF Scale. In particular, ASIF Scale will seek to provide support to adaptation SMEs with challenges surrounding:
 - Limited buyer and investor trust and lack of recognized certification
 - Weak or fragmented demand ecosystems

- Poor visibility among investors and procurement platforms
 - Inadequate access to growth capital, blended finance, or project financing
 - Gaps in commercialization support (e.g. bundling, procurement readiness, licensing)
 - Limited integration into public-private adaptation value chains
27. A targeted suite of services that de-risk market entry, unlock demand, and support scale-up are key components of ASIF Scale, including:
- A voluntary third-party certification mechanism (“AFCIA Verified”) to build credibility and transparency
 - Competitive grants and technical assistance to strengthen SME business models for commercialization and market fit
 - A bundling facility to support integrated, cross-sector deployment models
 - Investor and buyer matchmaking to connect AFCIA-certified solutions to investment and procurement opportunities
 - Structured demand partnerships with local governments, utilities, and industry associations to aggregate and articulate resilience needs
28. The proposal to establish a globally recognized adaptation innovation label under ASIF Scale is grounded in growing evidence that third-party certification and verification frameworks significantly enhance trust, market access, and investment-readiness for SMEs. Empirical studies show that firms with environmental or sustainability certifications are more likely to attract private capital, increase R&D investment, and gain access to new markets by signaling quality, compliance, and reduced risk. For example, green factory certification has been found to positively influence both the quantity and quality of green innovation, particularly by alleviating financing constraints and improving ESG alignment⁵. Other studies highlight that certified firms outperform peers in introducing new products and sustainable practices—largely due to enhanced credibility and visibility in investment and procurement ecosystems⁶. In global consumer and investor markets alike, eco-labels are known to reduce perceived risk and increase willingness to engage with unfamiliar or early-stage providers⁷.
29. By bridging the commercial valley of death, ASIF Scale expands the reach of validated adaptation innovations, strengthens market confidence, and enhances the contribution of SMEs to national and local resilience priorities—amplifying the AFCIA partnership’s system-wide impact. By complementing existing efforts to support innovation emergence, AFCIA Phase II will help build a full-spectrum ecosystem—from idea to impact—ensuring that SMEs are not only sources of adaptation innovation, but trusted providers of resilience at scale.

Project/Programme Objectives:

30. ASIF Scale is a strategic, complementary expansion of UNIDO's Adaptation SME Innovation Facility (ASIF) under AFCIA phase 1, and is designed to operate concurrently but distinctly. While ASIF focuses on strengthening the pipeline of innovative SMEs through technical assistance and milestone-based grants, ASIF Scale addresses the downstream challenges of market uptake by validating and scaling those solutions by building

⁵ Sustainability 2025, 17(6), 2498; <https://doi.org/10.3390/su17062498>

⁶ Research in International Business and Finance, 2022, Volume 62; <https://doi.org/10.1016/j.ribaf.2022.101748>

⁷ European Management Journal, 2017, 36(2); <http://dx.doi.org/10.1016/j.emj.2017.03.005>

investor/market confidence in the adaptation innovations, and providing financial and technical support for market traction and enable business-model optimization for full commercialization and scale-up. ASIF and ASIF Scale form a connected, mutually reinforcing continuum: ASIF supports innovation emergence and maturity, while ASIF Scale de-risks their market integration.

31. A key distinction between the two is that ASIF focuses on support across the "technology valley of death"-where early-stage SMEs must validate, iterate, and prove their adaptation solutions-while ASIF Scale is designed to help SMEs cross the "commercial valley of death". The latter often presents a greater barrier to scale, as solutions-though technically sound-fail to reach markets due to a lack of buyer trust, financing, or structured demand, access to networks and investment, business-model testing, among other challenges.

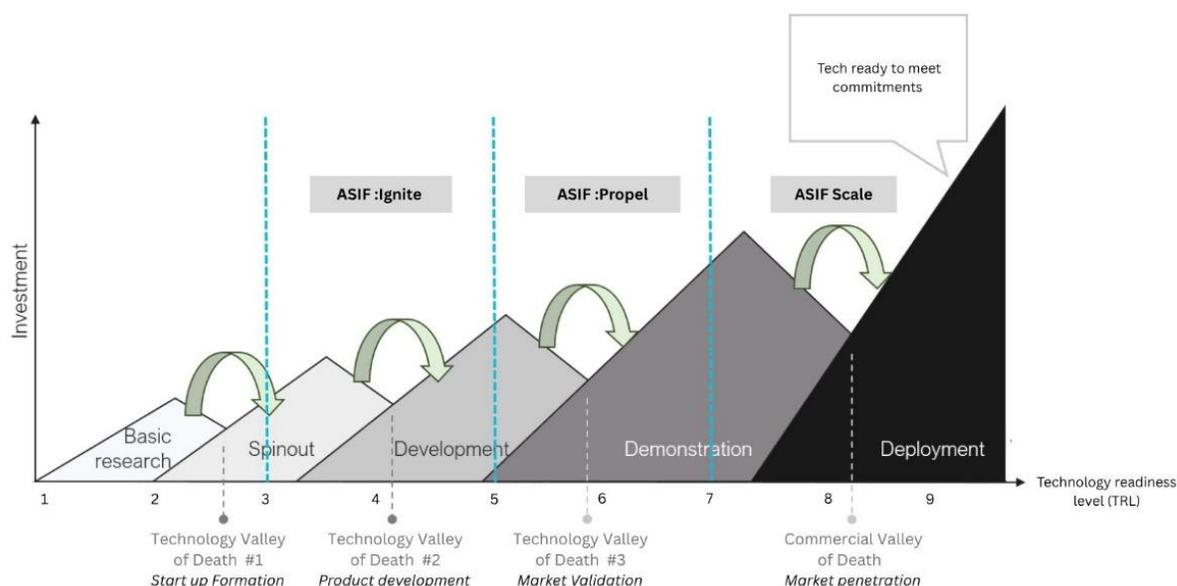


Figure 2 - ASIF and ASIF Scale Interventions

32. ASIF and ASIF Scale are designed to function as a sequenced continuum, with each facility targeting a distinct but interlinked segment of the adaptation innovation journey. To ensure seamless entry and coherence across the two facilities, a unified digital platform will be established as the central access point for both ASIF and ASIF Scale. Adaptation SMEs seeking support will complete a short, user-friendly diagnostic questionnaire (designed to take no more than five minutes), assessing their maturity across key dimensions including technology readiness, business readiness, adaptation impact potential, and community integration. Based on their responses, SMEs will be directed to the ASIF track most appropriate for their needs-whether early-stage support under Ignite, piloting and deployment assistance under Propel, or commercialization and scaling support through ASIF Scale.
33. Key Objective: ASIF Scale aims to support adaptation SMEs in overcoming the commercial valley of death—enabling them to scale proven, market-ready innovations (TRLs 7–9) by enhancing trust, unlocking demand, and improving invest ability.

- Component 1 establishes the *AFCIA Verified* label and certification ecosystem to validate adaptation benefits and build confidence among buyers, investors, and public institutions.
- Component 2 supports SMEs with commercialization grants, solution bundling, tailored technical assistance, and structured demand and investment facilitation partnerships to de-risk market entry and accelerate uptake.
- Component 3 generates scalable insights, policy engagement, and participatory learning to strengthen enabling environments for procurement, investment, and institutional adoption.

34. Together, the three components form an integrated, adaptive support system—with Component 1 building market credibility, Component 2 driving solution deployment, and Component 3 informing policy and systems change—thus creating the conditions for certified adaptation innovations to reach scale across sectors and geographies.

Project/Programme Components and Financing:

Project/Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (US\$)
Component 1: Validation and Certification for Adaptation Impact	1.1 A globally recognized, voluntary third-party certification system for adaptation innovations established and operationalized	1.1.1 Global "AFCIA Verified" label co-developed with international standard-setting partners leveraging their infrastructures and operational expertise 1.1.2 Certification protocols, safeguards, and quality assurance processes developed and piloted 1.1.3 SME support service package developed and delivered for certification readiness (TA, ESG assessments, adaptation metrics) 1.1.4 "AFCIA Verified" Label system opened to all AFCIA-supported solutions on voluntary basis, and at least 300 innovative solutions reviewed with 80% verification rate (technical support to be available for innovations under review to achieve label – using it as a capacity building opportunity) 1.1.5 Integration mechanism developed to align self-screening from ASIF's	Global	4,000,000

		Adaptation Impact Hypothesis (AIH) with “AFCIA verified” label		
	1.2 Certification results used to increase investor, buyer, and community confidence in adaptation innovations	1.2.1 Digital certification registry integrated into AFCIA dashboard and AI-powered observatory 1.2.2 Certified solutions showcased at global adaptation events and procurement networks 1.2.3 Label adoption promoted through AFCIA-wide guidance and outreach campaigns, and partnerships leveraged for its wider use	Global	1,500,000
Component 2: De-risking Market Entry and Scaling of Adaptation Solutions	2.1 Structured partnerships with public and private sector actors catalyze demand for adaptation innovations	2.1.1 Partnership mapping and climate risk/needs assessments conducted in key sectors (agriculture, water, energy, infrastructure) 2.1.2 Buyer engagement roundtables and co-creation workshops conducted with corporates, utilities, city networks, communities, industrial associations etc. 2.1.3 Structured MoUs or offtake arrangements co-developed between SMEs and anchor buyers 2.1.4 AFCIA Label integrated into procurement, ESG, or CSR policies of key buyers	Global	2,389,680
	2.2 Adaptation SMEs supported to cross the commercial valley of death through bundled solutions and tailored support	2.2.1 Competitive grant mechanism for commercialization-ready SMEs at TRLs 7–9 2.2.2 Bundling facility to integrate multiple SME solutions into scalable packages 2.2.3 Tailored TA to support product-market fit, licensing, contract negotiation and after-sale support 2.2.4 SME-investor matchmaking events and procurement pilots in target markets	Global	14,000,000
Component 3: Knowledge, Learning and Policy Influence	3.1 Scalable insights, data, and success stories from certified and integrated	3.1.1 Global showcases and innovation marketplaces curated with investor networks to spotlight AFCIA-certified solutions	Global	2,000,000

	adaptation solutions captured and leveraged to shape policy, investment, and procurement ecosystems globally	3.1.2 Open-access knowledge products (casebooks, policy briefs, investor decks) produced 3.1.3 AI-powered analytics dashboard deployed across AFCIA to track certification uptake and solution deployment		
	3.2 Enhanced responsiveness and system-wide learning enabled through smart, participatory, and digital MEL systems	3.2.1 Participatory MEL system co-developed with SMEs and demand-side partners 3.2.2 Quarterly learning sprints and peer exchanges organized with ASIF, ASIF Scale, and AFCIA partners 3.2.3 Policy dialogue platforms supported to align procurement, investment, and certification frameworks	Global	906,600
6. Project/Programme Execution cost				2,476,448
7. Total Project/Programme Cost				27,272,727
8. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable)				2,727,273
Amount of Financing Requested				30,000,000

Project Duration: 6 years (72 months)

Disbursement Schedule

	Upon signature of Agreement	One Year after Project Start a)	Year 2b)	Year 3	Year 4 c)	Year 5	Year 5	Total
Scheduled date	Oct.26	Oct.27	Oct.28	Oct.29	Oct.30	Oct.31	Oct.32	
Project Funds	5,500,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	1,772,727	27,272,727
IE Fees	550,000	400,000	400,000	400,000	400,000	400,000	177,273	2,727,273
Total	6,050,000	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000	1,950,000	30,000,000

PART II: PROJECT/PROGRAMME JUSTIFICATION

35. ASIF Scale is designed to enable small and medium-sized enterprises (SMEs) to overcome the commercial barriers that prevent climate adaptation innovations from achieving scale. By establishing a global certification system and facilitating structured, credible demand from public and private sector actors, the programme supports market-ready SMEs in navigating the final stages of commercialization. Building on lessons from AFCIA Phase I partnership, and leveraging synergies with UNIDO's work through ASIF and Scaling LLA Solutions (SLLAS -under technical review by Adaptation Fund as of August 2025), ASIF Scale aims to address persistent challenges—such as lack of buyer trust, fragmented demand, and limited access to growth capital—to help transition successful pilots into integrated, scalable adaptation solutions across countries and value chains.

Component 1: Validation and Certification for Adaptation Impact

36. Component 1 establishes a robust, voluntary third-party certification ecosystem—anchored by the *AFCIA Verified* label—to validate the adaptation impact of SME-led solutions and build trust across the adaptation market. By leveraging global standard-setting infrastructures (e.g. Solar Impulse Foundation, WIPO Green, Gold Standard), the certification framework will enable SMEs to credibly demonstrate the effectiveness, equity, and resilience benefits of their innovations. In parallel, demand-side actors—including investors, governments, and procurers—will be strategically engaged to ensure the certification drives procurement uptake, unlocks finance, and catalyzes mainstream adoption across adaptation ecosystems.
37. *Outcome 1.1: A globally recognized, voluntary third-party certification system for adaptation innovations established and operationalized*

This outcome focuses on establishing and operationalizing the *AFCIA Verified* label as a trusted, globally recognized certification tailored to the specific characteristics of climate adaptation innovation. Leveraging existing methodologies and infrastructures from leading international standard-setters (such as the Solar Impulse Foundation, Gold Standard, WIPO Green, Mission Innovation, etc.), the certification label will be designed to assess adaptation impact, equity and inclusion, environmental safeguards, and alignment with locally led adaptation (LLA) principles. A tiered, context-sensitive approach will ensure accessibility to SMEs operating in diverse geographies and institutional contexts, including informal, women-led, and youth-led enterprises.
38. At least 300 innovations will be reviewed through this certification process, with technical assistance embedded to help SMEs meet readiness thresholds. The target is to certify at least 80% of reviewed innovations, using the certification journey itself as a structured capacity-building pathway. Governance of the certification system will be anchored in a multi-stakeholder mechanism, aligning label standards with the expectations of buyers, financiers, and procurement systems—including ESG and CSR frameworks. By establishing a credible benchmark for adaptation effectiveness, the label will help de-risk SME solutions and enable decision-makers to confidently select high-quality innovations.
39. Importantly, the *AFCIA Verified* label will be embedded within an integrated support pathway. SMEs developing early-stage innovations (TRLs 1–6) will first engage with ASIF's *Adaptation Impact Hypothesis (AIH)* self-assessment tool to clarify their adaptation value proposition. Those advancing to TRLs 7–9 will then be eligible for third-party certification through ASIF Scale—ensuring a seamless continuum from self-evaluation to independent validation.

40. *Outcome 1.2: Certification results used to increase investor, buyer, and community confidence in adaptation innovations*

While validation is critical, certification alone is not sufficient. Outcome 1.2 focuses on ensuring that the *AFCIA Verified* label becomes a meaningful signal of quality, credibility, and readiness across the adaptation finance and procurement landscape. This outcome strengthens the visibility, adoption, and institutional embedding of certified innovations—ensuring that validated SMEs are not only recognized but actively procured, financed, and deployed.

41. Certified innovations will be showcased through curated investor marketplaces, public procurement platforms, and global adaptation events. A digital certification registry will be fully integrated into the AFCIA observatory and linked with the AI-powered analytics dashboard (please see Component 3 for more details)—enabling real-time tracking, transparency, and comparability across adaptation solutions. Strategic outreach campaigns will promote adoption of the label among public and private buyers, including through ESG, CSR, and climate procurement frameworks. To ensure the sustainability and institutional legitimacy of the certification ecosystem, ASIF Scale will explore co-hosting the digital registry with a global standards body (such as the Solar Impulse Foundation, WIPO Green, Gold Standard etc.). This would allow the *AFCIA Verified* label and database to be embedded within existing global infrastructure, helping extend visibility, strengthen market trust, and reduce long-term operational costs.

42. To extend uptake beyond the ASIF ecosystem, partnerships will be fostered with industry associations, city networks, donors, and corporate platforms to integrate the *AFCIA Verified* label into procurement guidelines, reporting standards, and investment pipelines. Over time, the label is expected to act as a trusted filter—enabling adaptation decision-makers to identify high-quality solutions that deliver measurable resilience benefits and are grounded in inclusive, locally led implementation. By turning certification into a recognized market signal and gateway to scale, Outcome 1.2 ensures that the verification of adaptation impact leads to real-world traction: enhanced market access for SMEs, reduced risk for investors, and stronger confidence among communities that adaptation innovations are fit for purpose.

Component 2: De-risking Market Entry and Scaling of Adaptation Solutions

43. Component 2 supports the market adoption of certified, integrated adaptation solutions by enabling SMEs to overcome commercial scaling barriers through structured demand partnerships, commercialization grants, technical assistance, and solution bundling. This component translates certification into market access by helping SMEs secure buyers, investment, and public procurement opportunities—thereby accelerating deployment at scale.

44. *Outcome 2.1: Structured partnerships with public and private sector actors catalyze demand for adaptation innovations*

This outcome focuses on building structured and sustained partnerships with public institutions, utilities, and private-sector actors whose operations or value chains are exposed to climate risks. Drawing on insights from adaptation needs assessments, ASIF Scale will identify sectoral priorities (e.g. water, agriculture, infrastructure, energy, disaster risk reduction) and engage anchor buyers such as industrial supply chain leaders, municipalities, and multinational corporations. These actors will be supported to articulate climate resilience needs and co-develop procurement opportunities with AFCIA-verified SMEs.

45. Through targeted outreach and partnerships, ASIF Scale will encourage large firms and public agencies to integrate adaptation innovation into their ESG, procurement, and climate strategies. Matchmaking activities—including buyer roundtables and partnership dialogues—will be supported by tailored technical assistance to help demand-side actors assess adaptation risks and articulate actionable solution requirements. Memoranda of Understanding (MoUs), offtake agreements, and CSR-aligned procurement pathways will be pursued where feasible.
46. To operationalize these partnerships, ASIF Scale will facilitate co-design sprints, collaborative innovation workshops, and deployment pilots in selected sectors. These participatory platforms will bring together SMEs and anchor buyers to refine bundled offerings and test them through real-world use cases. By enabling adaptation solution providers and buyers to jointly develop fit-for-purpose service packages, this outcome contributes to scalable delivery models that are technically viable, commercially relevant, and aligned with procurement norms.
47. *Outcome 2.2: Adaptation SMEs supported to cross the commercial valley of death through bundled solutions and tailored support*

Outcome 2.2 provides SMEs with the necessary support to bridge the commercialization gap and successfully deploy certified innovations into structured markets. A competitive grant mechanism will target SMEs with TRL 7–9 solutions to support market-entry pilots, business model validation, and bundling with complementary services such as financing, analytics, or training. Deployment of bundled adaptation solutions will also be supported under this outcome by facilitating collaboration among SMEs offering complementary products or services. This approach responds to buyer preferences for integrated, multi-functional offerings that deliver greater impact, cost-effectiveness, and streamlined procurement. For example, a municipality aiming to strengthen urban flood resilience could benefit from a bundled package of innovations that collectively address infrastructure, early warning, and community preparedness. The desired adaptation outcome—reduced flood-related disruption and damage—could be achieved through the combined deployment of nature-based drainage systems (such as bio-swales or permeable pavements), real-time flood monitoring sensors, and mobile-based alert systems paired with community training modules. By bundling these solutions, ASIF Scale enables a holistic response that not only reduces exposure to flood hazards but also enhances local capacity for timely action—resulting in more durable and community-anchored adaptation outcomes.

48. Technical assistance will be provided to SMEs on key commercialization needs including product–market fit, licensing and contract negotiation, ESG/safeguard compliance, and after-sales service. These support services will be complemented by targeted investor and procurer matchmaking events, coordinated with AFCIA-wide procurement and innovation platforms. AFCIA Verified solutions will be actively showcased to investors and buyers via curated pitch sessions, sectoral dialogues, and digital showrooms. Types of support are likely to include:

Support Function	Description
1. Demand validation and buyer engagement	Support SMEs to engage structured, credible buyer relationships (e.g. government departments, city authorities, utilities, climate-exposed corporates, communities, NGOs or CSOs representing communities or vulnerable groups) to validate demand, refine offerings, and test deployment conditions. Includes tools such as challenge calls, co-creation workshops, and pilot contracts that enable solutions to be shaped by end-user priorities and public procurement needs.

2. Bundling and packaging support	Facilitate the development of integrated solution packages by supporting SMEs to partner with complementary providers (e.g. climate data firms, fintech providers, or nature-based services). This addresses buyer demand for multi-functional, scalable adaptation packages and increases interoperability and uptake. Tools may include bundled pilot design, partnership brokering, and development of modular deployment kits.
3. Certification alignment and procurement-readiness assurance	Coordinate with the AFCIA Verified certification process to ensure SME offerings meet the technical, ESG, and reporting requirements of public and private buyers. This includes support for aligning documentation, adaptation metrics, and safeguards with procurement frameworks—building on Component 1 outputs to ensure certified SMEs are fully investment- and procurement-ready.
4. Business model optimization	Deliver tailored business advisory support to improve cost structure, pricing strategies, customer segmentation, and commercialization pathways (e.g. licensing, franchising, service-based models). Guidance will emphasize sustainability in both commercial and blended finance models, positioning SMEs to reach viability at scale.
5. Access to commercialization financing	Provide fit-for-purpose grant financing to selected adaptation SMEs, administered by the project executing entity. In addition, advise on and facilitate access to (not provide) appropriate financial instruments such as bridge grants, concessional loans, convertible debt, or outcome-based financing. Includes transaction advisory services, preparation of investor documentation, and support for public-private structuring aligned with procurement and service delivery models.
6. Deployment and scale-up readiness support	Assist SMEs in preparing for replication and scale by developing deployment toolkits, training guides, and operational templates. Support includes scoping of partner implementation models, workforce scaling plans, and identifying scalable delivery infrastructure suited to rural, peri-urban, or fragile contexts.
7. MEL and adaptive evidence generation	Help SMEs build streamlined monitoring and learning systems to track performance, adaptation outcomes, and social safeguards. Support includes theory of change design, community feedback loops, and tools to generate credible evidence for investors, procurers, and certification processes.
8. Policy and regulatory navigation	Support SMEs to engage effectively with enabling institutions—such as ministries, regulatory agencies, and municipal authorities—to align with national plans, overcome compliance barriers, and advocate for inclusion in adaptation-related frameworks (e.g. NAPs, DRR policies, public procurement guidelines).
9. Partnership brokering and ecosystem integration	Broker strategic relationships with corporates, public agencies, NGOs, and peer SMEs to support co-deployment, regional scaling, and market entry. Emphasis is placed on building coalitions for adaptation impact, enabling SMEs to move from standalone pilots to embedded solutions within broader resilience systems.

49. By aligning supply-side innovation with demand-side procurement needs, Outcome 2.2 supports SMEs to move from certification to actual deployment—creating both commercial viability and measurable adaptation impact. The result is a pipeline of credible, investable, and bundled adaptation innovations ready to scale through structured market entry and institutional integration.

Component 3: Knowledge, Learning, and Policy Influence

50. Component 3 ensures that the insights generated from ASIF Scale—through certification, deployment, bundling, and demand-side engagement—are captured, shared to influence broader institutional, policy, or market structures. By linking data with strategic communication and participatory learning, the component aims to amplify the visibility and uptake of certified solutions, inform procurement and investment reforms, and build a more responsive adaptation innovation ecosystem.

51. *Outcome 3.1: Scalable insights, data, and success stories from certified and integrated adaptation solutions captured and leveraged to shape policy, investment, and procurement ecosystems globally*

To maximize the impact of the AFCIA Verified label and commercial deployments, ASIF Scale will curate global showcases, innovation marketplaces, and investor dialogues to spotlight high-performing SMEs. These curated spaces will facilitate knowledge exchange across geographies, sectors, and stakeholder groups, helping mainstream adaptation SMEs into investor and buyer networks. The outcome will consolidate learnings from certification (Component 1) and deployment (Component 2), enabling system-wide visibility and relevance for successful SME-driven approaches.

52. In parallel, ASIF Scale will produce open-access knowledge products—including casebooks, policy briefs, and investor decks—that translate project-level experiences into actionable insights for governments, financiers, and international partners. These knowledge outputs will emphasize the conditions under which adaptation SMEs succeed, the value of bundling, and the role of certification in enabling procurement. A gender and inclusion lens will be integrated across all knowledge generation to ensure the distinct pathways and contributions of women-, youth-, and community-led SMEs are recognized and scaled.

53. All data on certification and deployment will be aggregated and visualized through an AI-powered analytics dashboard hosted within the AFCIA observatory, in coordination with the AFCIA partnership. This tool will support real-time monitoring of trends in innovation verification, adoption, and geographic reach—providing a robust evidence base to inform future programming and investment across the adaptation innovation ecosystem. The dashboard will be made accessible to policymakers, investors, procurement agencies, and adaptation finance partners. To ensure long-term sustainability and cross-institutional use, it may be embedded within an established platform managed by a partner organization with existing data infrastructure and analytics capabilities.

54. *Outcome 3.2: Enhanced responsiveness and system-wide learning enabled through smart, participatory, and digital MEL systems*

This outcome ensures that ASIF Scale remains adaptive, inclusive, and evidence-driven by embedding a Monitoring, Evaluation, and Learning (MEL) system that is co-developed with SMEs and demand-side partners. The MEL approach will go beyond compliance to actively generate feedback for course correction, scaling decisions, and policy influence. It will draw on real-time performance data, peer exchanges, and participatory assessments to ensure that interventions remain responsive to the evolving needs of adaptation SMEs and buyers.

55. Quarterly learning sprints and facilitated peer-learning sessions will be held with ASIF, ASIF Scale, and AFCIA partners—creating a space for cross-country and ecosystem-wide knowledge transfer, troubleshooting, and replication of successful models. Special focus will be given to learning across different SME typologies, including women- and youth-led enterprises, consortia models, and bundled solution providers.
56. Insights from MEL will feed directly into AFCIA-wide dashboards and policy dialogue platforms, helping to shape procurement criteria, investment frameworks, and enabling policies that better support SME-led adaptation. The participatory MEL architecture will also generate community-level feedback loops, ensuring that end-user experiences—especially from vulnerable or marginalized groups—inform future design and deployment strategies. To promote institutional sustainability, MEL tools and frameworks developed under ASIF Scale will be aligned with those used by AFCIA, national adaptation monitoring systems, and relevant public procurement and investment institutions—ensuring usability beyond the project’s lifespan and fostering system-wide accountability.
57. Together, the three components of ASIF Scale create a coherent and adaptive support structure that systematically dismantles commercialization barriers faced by adaptation SMEs. Certification (Component 1) builds trust and credibility; deployment and demand structuring (Component 2) activate procurement and financing pathways; and knowledge and learning (Component 3) embed evidence and insights into policy, investment, and institutional ecosystems. Beyond supporting individual enterprises, ASIF Scale strengthens the global adaptation innovation ecosystem—creating the enabling conditions for SME-led solutions to be recognized, procured, and scaled across markets. By doing so, the programme contributes directly to AFCIA’s vision of accelerating inclusive, high-impact adaptation outcomes across vulnerable regions and sectors.

Promotion of new and innovative solutions and responsible risk-taking

58. ASIF Scale directly advances the development, validation, and market uptake of innovative adaptation solutions by SMEs in developing countries and emerging economies. By bridging the gap between early-stage support and real-world market engagement, the programme nurtures inclusive innovation ecosystems that move beyond pilots and unlock transformative climate resilience outcomes.
59. At the heart of ASIF Scale is the establishment of a globally accessible certification system tailored to adaptation innovations—a pioneering mechanism that strengthens the credibility, comparability, and visibility of adaptation solutions in underserved markets. This certification framework will feature tiered standards, including provisional recognition for early-stage innovations, enabling responsible risk-taking while solutions are iteratively refined. All certified innovations will undergo environmental and social risk screening, with safeguards embedded into deployment processes. Importantly, ASIF Scale's certification and deployment data will be shared across the broader AFCIA partnership, providing upstream feedback to inform future innovation design and investment. In doing so, ASIF Scale strengthens the full adaptation innovation cycle—from early-stage ideation to market integration—embedding responsible risk-taking at every stage.
60. To facilitate market traction, ASIF Scale promotes structured partnerships with corporate and institutional buyers, enabling the bundling of complementary SME offerings into integrated adaptation packages that meet complex, multi-sectoral needs across water, agriculture, energy, and infrastructure. Corporate and institutional buyers will be selected and supported based on their ability to deliver adaptation benefits to vulnerable populations,

including through last-mile distribution, inclusive procurement, and climate-resilient infrastructure in underserved areas. Through demand-driven co-creation and procurement pilots, the programme supports innovators to test and scale integrated solutions in new market contexts. These activities not only advance enterprise innovation, but also foster responsible risk-taking among procurers and investors—by de-risking first-mover engagement and enabling adaptation to be mainstreamed into ESG and CSR strategies.

61. ASIF Scale also contributes to innovation diffusion across geographies by supporting the replication and contextual adaptation of validated solutions through modular deployment toolkits and cross-country learning exchanges. This positions innovation not as a standalone enterprise intervention, but as a driver of systemic resilience across sectors and territories.

Strengthening Capacity and Innovation Readiness

62. ASIF Scale invests in strengthening the technical, commercial, and institutional capacity of adaptation SMEs to operate at scale. While many enterprises have developed promising solutions, few possess the full suite of capabilities required to enter procurement ecosystems, meet investor standards, and deliver reliably across diverse contexts. ASIF Scale addresses these capacity gaps with a targeted support framework that spans business model refinement, ESG alignment, and deployment readiness.
63. A key feature of the programme is its tailored technical assistance model, which adapts to the specific maturity level and context of each SME. Types of support are likely to include contract negotiation, licensing, pricing strategies, after-sale servicing, and safeguards implementation. These services ensure that SMEs are not only technically validated, but also institutionally prepared to engage buyers and financiers with confidence. Emphasis is also placed on enabling SMEs to navigate local compliance requirements, national adaptation plans, and sector-specific standards.
64. To facilitate scaling in new or underdeveloped markets, ASIF Scale supports SMEs to develop practical deployment toolkits—including training modules, operational manuals, workforce plans, and partner implementation models. This helps enterprises transition from isolated pilots to repeatable delivery models that can function in rural, peri-urban, and climate-fragile areas. The programme also supports knowledge codification and peer learning to help SMEs continuously adapt their approaches based on performance data and community feedback.
65. Importantly, ASIF Scale embeds participatory monitoring and learning systems that reinforce capacity through real-time feedback loops. These systems empower SMEs to assess their own progress, identify bottlenecks early, and build internal capabilities for adaptive management. By combining enterprise coaching with strategic tools, ASIF Scale ensures that supported SMEs are not only innovative—but truly ready to deliver and scale credible adaptation solutions.

Cost-effectiveness of the Regional Approach

66. ASIF Scale enhances cost-effectiveness by leveraging a unified global platform, shared infrastructure, and cross-border learning. Instead of duplicating systems or certification processes in each country, the programme centralizes key functions—such as verification, technical assistance, and investor engagement—under a harmonized global framework.

This reduces transaction costs for both SMEs and buyers while enabling consistent quality standards across geographies.

67. From the supply side, adaptation SMEs benefit from streamlined access to services, certification, and market entry points—without the burden of navigating fragmented national systems. From the demand side, corporates, utilities, and public agencies gain a single, trusted entry point to vetted innovations, reducing procurement complexity and accelerating uptake. The centralized digital platform supports real-time matchmaking, data-informed decision-making, and delivery of support services with lower administrative overhead. At the same time, regional showcases, workshops, and pilots ensure local relevance and enable context-specific scaling pathways. This integrated approach balances global efficiency with local responsiveness, unlocking economies of scale, reducing duplication, and increasing the cost-effectiveness of innovation deployment.

Learning and Knowledge Management

68. ASIF Scale aims to implement a robust and dynamic knowledge management and learning architecture to enable adaptive programme implementation, effectiveness of support instruments, and inform broader adaptation policy, market and investment stakeholders of the adaptation innovation ecosystem.. The global digital platform will serve as a central knowledge repository and learning hub, hosting real-time data on certified solutions, market demand profiles, bundling experiences, and corporate engagement outcomes.
69. Lessons and insights from certification, solutions bundling and deployment, and corporate matchmaking will be systematically captured and shared with AFCIA partners, as well as across regional and global communities of practice, such as the Climate Adaptation Innovation Learning (CAIL) initiative and other key South-South cooperation platforms. Knowledge products are expected to include toolkits, policy briefs, case studies and investor/customer-facing analytics that document inclusive innovation models, uptake pathways, and the effectiveness of the certification mechanism, to translate operational experiences into actionable guidance for governments, private sector actors, and implementing entity.
70. Learning loops will be embedded into key project processes—particularly certification, solutions bundling and deployment—to integrate continuous feedback from end-users, SMEs, and corporate partners, enabling iterative refinement of approaches and tools. This ensures that tools and approaches remain context-responsive, equitable, and grounded in real-world deployment dynamics. ASIF Scale will also facilitate peer learning exchanges between SMEs, private and public sector buyers, and ecosystem enablers to promote multi directional knowledge transfer and foster shared ownership of adaptation outcomes, and for strengthening of the global ecosystem for adaptation innovation.

Inclusive and Consultative Design and Implementation

71. ASIF Scale will embed Locally Led Adaptation (LLA) principles and inclusive governance throughout programme design and implementation. A structured consultation process will engage a broad set of stakeholders—SMEs, certification bodies, buyers, public institutions, accelerators, researchers, and civil society actors—ensuring that solutions reflect real-world needs and priorities. Particular attention will be given to the meaningful participation of groups often excluded from decision-making, including women, youth, Indigenous Peoples, persons with disabilities, and displaced communities. Community consultations and inclusive focus groups will help identify priority adaptation needs and shape solution design.

72. To guide implementation and ensure strategic alignment, multi-stakeholder advisory groups will be established at global and regional levels. These bodies—comprising representatives from end-users, SMEs, public and private sectors—will inform certification criteria, bundling strategies, demand engagement, and learning efforts. Sector-specific roundtables and regional workshops will complement this process, ensuring alignment between institutional buyers and local adaptation needs.
73. Importantly, the AFCIA Verified label will assess not only the adaptation benefit of a solution, but also its deployment approach—evaluating SME engagement with communities, alignment with equity principles, and potential risks of maladaptation. Where needed, technical support will be provided to adapt delivery strategies, making certification a mechanism for both validation and responsible deployment.
74. ASIF Scale will align fully with the Adaptation Fund’s Environmental and Social Policy and Gender Policy. Women- and youth-led SMEs will be prioritized, reinforcing their leadership in delivering equitable and scalable adaptation outcomes.

Catalyzing New Partnerships and Synergies

75. ASIF Scale is designed to leverage global partnerships, and in full coordination with the existing AFCIA partnership, linking SMEs, standards bodies, corporates, CSOs, and public institutions into a dynamic innovation-to-market pipeline. In particular, partnerships, collaborations, and synergies with entities active in climate solutions certification and verification, such as the Solar Impulse Foundation, Mission Innovation, WIPO Green, Gold Standard and other standard-setting bodies, will be key to the success and sustainability of the AFCIA Certified label. Partnerships with corporate and aggregated off-takers will be brokered to ensure real demand for integrated adaptation packages. Furthermore, ASIF Scale will work closely with the AFCIA partnership, SLLAS partners, and relevant adaptation networks to promote replication, co-investment, and policy alignment. These partnerships will anchor the solutions within national priorities while enhancing cross-border knowledge transfer and innovation finance pipelines.

Sustainability of Project Outcomes

76. ASIF Scale is designed to ensure sustainability beyond the life of the project at three levels: institutional, market, and enterprise. The certification system—anchored by the AFCIA Verified label—will be co-developed with internationally recognized standards organizations and embedded within a long-term governance structure, allowing it to continue as a trusted global public good beyond donor financing. On the market side, the programme’s demand-facing interventions—such as corporate procurement alignment, structured offtake agreements, and bundling support—are structured to catalyze long-term market integration and replication. For SMEs, certification and commercialization support are expected to unlock recurring revenue streams, improve investment-readiness, and embed them more deeply in local and regional value chains. The global digital platform and observatory will be sustained through integration into existing institutional partnerships, ensuring continuity of learning, visibility, and matchmaking. Capacity-building efforts targeting SMEs, local support organizations, and policy institutions will institutionalize tools and practices, reinforcing local ownership and adaptive capacity after project closure.

Economic, Social, and Environmental Benefits

77. ASIF Scale aims to deliver multidimensional benefits by unlocking adaptation-driven enterprise growth while safeguarding environmental and social equity. **Economically**, the programme will stimulate revenue growth, attract private capital, and create local employment by supporting SMEs to scale proven adaptation solutions into new markets. Certification will strengthen their market credibility, while bundling and procurement facilitation will open new commercial pathways. Socially, ASIF Scale prioritizes support for women-, youth-, and community-led SMEs, helping democratize access to climate finance and innovation systems. Integrated solutions will be co-developed with local actors to address real adaptation needs—delivering co-benefits in health, education, livelihoods, and community cohesion. Environmentally, the programme promotes technologies that reduce climate vulnerability, enhance ecosystem services, and align with nature-positive principles. All interventions will be screened against the Environmental and Social Policy and Gender Policy of the Adaptation Fund, with targeted safeguards and participatory risk management embedded throughout the solution lifecycle.

Consistency with National and Sub-national Strategies

78. Certification activities and corporate engagement efforts will be aligned with relevant national strategies such as National Adaptation Plans (NAPs), technology needs assessments (TNAs), climate-smart procurement guidelines, and SME development strategies. By engaging national chambers of commerce, procurement bodies, and ministries of environment and industry, the programme will ensure that global certification and SME support activities complement national efforts. In countries where SMEs from ASIF and SLLAS operate, ASIF Scale will build upon these existing foundations and coordinate with national focal points to ensure coherence and policy integration. At sub-national levels, especially in cities and regions vulnerable to climate hazards, the programme will encourage public-private partnerships that contribute to local resilience priorities.

Compliance with National Technical Standards

79. All project activities will comply with applicable national regulations related to technical standards, certification systems, environmental safeguards, procurement, and enterprise development. Where such standards are missing or underdeveloped—particularly for emerging adaptation technologies—ASIF Scale will employ standards developed under the *AFCIA Verified* label process, and collaboration with national standard-setting bodies will be sought. Alignment with international frameworks will also enhance the credibility and portability of SME solutions. In doing so, the programme promotes regulatory harmonization while respecting national sovereignty and compliance requirements.

Alignment with the UNFCCC Technology Framework

80. ASIF Scale programme aligns strongly with the five pillars of the UNFCCC Technology Framework by supporting the development, deployment, and scaling of locally tailored adaptation innovations:
- (a) **Innovation:** Promotes co-creation and bundling of novel adaptation technologies that respond to local adaptation challenges and needs.
 - (b) **Implementation:** Supports real-world deployment and third-party certification, accelerating market readiness towards operational scale.

- (c) **Enabling Environment:** Establishes a global innovation certification framework and matchmaking ecosystem for supply and demand of innovative solutions (i.e. SMEs as solution providers and buyers).
- (d) **Capacity-Building:** Provides technical and business development training to innovators and institutions.
- (e) **Collaboration:** Engages international partners, standards bodies, and regional innovation hubs to align efforts and scale solutions.

The programme complements national Technology Needs Assessments (TNAs), Technology Action Plans (TAPs), and local adaptation planning processes by operationalizing demand-driven innovation deployment.

Alignment with the AFCIA Phase II Call

81. ASIF Scale directly responds to the objectives and expectations outlined in the Adaptation Fund's Call for Expressions of Interest for AFCIA Phase II. Building on the achievements and insights of the first phase of ASIF, as well as synergies with SLLAS and other AFCIA-funded initiatives, ASIF Scale seeks to take innovation to the next level—moving from fragmented innovation pilots to structured, market-validated, and scalable deployment. Through its integrated approach—anchored in certification, demand facilitation, and commercialization support—the programme delivers a globally accessible platform that directly strengthens the adaptation innovation ecosystem in developing countries.
82. ASIF Scale contributes concretely to the four expected results of AFCIA Phase II:
 - (a) **New innovations and risk-taking encouraged and accelerated:** By offering targeted certification pathways and a three-stage grant architecture, de-risks innovation and promotes responsible risk-taking, especially among early-stage SMEs, including youth- and women-led enterprises.
 - (b) **Successful innovations replicate and scaled up:** Enables replication and scale-up by linking solutions to corporate buyers and supporting the bundling of complementary technologies into integrated adaptation packages.
 - (c) **Access and capacities enhanced for designing and implementing innovation:** By establishing a global AFCIA Certification System in partnership with recognized standards bodies and by providing technical assistance and innovation readiness diagnostics, builds institutional capacity to validate and support innovation ecosystems in developing countries.
 - (d) **Evidence base generated and shared:** Captures and shares evidence and learning from innovation deployment and matchmaking, contributes to regional and global platforms, and informs the evolving AFCIA knowledge base.
83. The proposal promotes inclusive, locally grounded innovation ecosystems by linking community -defined adaptation priorities with certified SME solutions and structured private sector demand. It is fully consistent with the UNFCCC Technology Framework and adheres to the Environmental and Social Policy and Gender Policy of the Adaptation Fund. Its global scope ensures accessibility for SMEs from LDCs, SIDS, and vulnerable countries, while its modular structure makes it scalable, demand-responsive, and complementary to other AFCIA initiatives. ASIF Scale offers a timely, feasible, and future-ready model for scaling high-impact adaptation innovation globally. By embedding equity safeguards and prioritizing last-mile delivery, the programme ensures that innovations validated and scaled through ASIF Scale ultimately enhance the resilience of the most climate-vulnerable populations.

PART III: IMPLEMENTATION ARRANGEMENTS

84. UNIDO as multilateral implementing entity of the AF will be responsible for the implementation of the programme. UNIDO will pre-identify eligible project executing entity(ies) in the full proposal development phase with expertise and experience in climate solutions certification and innovation commercialization support. UNIDO will also seek to work with organizations that maintain pre-vetted pipelines of adaptation-relevant SMEs at appropriate TRLs to accelerate deployment and enhance impact. The selected entity(ies) will be invited to participate in the co-design process of this EoI into a full programme. In particular their involvement is expected in components 1 and 2, to lead the development of the climate adaptation certification framework to strengthen the commercialization capacity and competitiveness of innovative solutions supported through ASIF, ASIF Scale and the broader AFCIA programme. This is pending official procurement and partnership processes and review by UNIDO, upon invitation of the Adaptation Fund to further develop this proposal. UNIDO will also issue an open tender to invite qualified companies to submit offers for the execution of the project components as relevant. Leveraging UNIDO's global networks and experience in the adaptation innovation landscape, UNIDO will execute knowledge creation and capacity building dimensions under ASIF Scale.
85. Implementation and execution will be carried out in full collaboration with the national Designated Authorities (DAs) of the Adaptation Fund and other relevant national and local partners and networks, ensuring that all activities are firmly embedded within each country's policy, institutional, and market context. From the outset, the project will align with national adaptation priorities and work closely with relevant ministries and partners in the countries of operation. A participatory governance structure will be established through a Project Steering Committee, where DA focal points of the Adaptation Fund from all participating countries will be invited to guide decision-making, monitor progress, and ensure accountability. This approach will guarantee that all project interventions—including community-led adaptation planning and SME-driven solutions—are context-specific and endorsed, supported, and sustained by national stakeholders.
86. Implementation arrangements, including all related procurement and recruitment will be conducted in alignment with UNIDO's commitment to transparency, fairness, and efficiency in its procurement processes. UNIDO aims to ensure that all interested parties have an equal opportunity to participate and compete for the project or service being sought, and that UNIDO can source the best available technical expertise for successful execution of all project components. By following such practices, UNIDO upholds its commitment to responsible and accountable procurement, fostering trust among stakeholders and partners.
87. In addition, UNIDO will be responsible for effective and efficient monitoring and evaluation of all programme activities, as per standard UNIDO practice including a mid-term review and a final evaluation under component 3. Expected costs for M&E by the Implementing Partner (UNIDO), including a third-party audit, is approximately 300,000 USD, and will be sourced from the Programme Execution Costs requested for this proposal.

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

A. Record of endorsement on behalf of the government⁸ *Not applicable*

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*

<p>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 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.</p>	
<p style="text-align: center;"><i>Ganna Onysko</i></p> <p>Ms. Ganna Onysko Senior GEF, GCF, AF Coordinator Division of Funding Partner Relations Directorate of Global Partnerships and External Relations United Nations Industrial Development Organization - UNIDO Implementing Entity Coordinator</p>	
Date: 8 August 2025	Tel. and email: g.onysko@unido.org
Project Contact Person: Sunyoung Suh Anais Barisani	
Tel. and Email: s.suh@unido.org ; a.barisani@unido.org cc: Ms. Eleonora Gatti (e.gatti@unido.org); Mr. Alois Mhlanga (a.mhlanga@unido.org)	

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.