



AFB/PPRC.37/4

April 7-8, 2026

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

Review of the Utilization of Country Caps within the Adaptation Fund

Strategic Issues

- a) Delivering financing for concrete adaptation projects is core to the mandate of the Adaptation Fund and a key measure of its effectiveness.
- b) The Adaptation Fund has applied, since becoming operational, a “country-cap” approach to setting maximum amounts for countries to access under its regular programming window for single-country projects.
- c) With the raising of the country cap, there is need to further clarify the means of accessing resources under the country cap. This will support countries with their national planning processes as they prioritize key concrete adaptation actions.

Purpose

1. The document recommends the Board consider and decide on the approach for the utilization of resources under the country cap for first time applicants as well as for returning applicants. This document proposes options for the Board’s consideration which will further clarify the rules for the utilization of country cap resources.

Recommended Decision

2. The Adaption Fund Board, having considered document AFB/B.47/4, refers to its [Decision B.45/6](#) *requesting the secretariat to prepare options concerning access to funding under the country cap, with a view to clarifying and/or updating decision B.35/41, paragraph (a) decides:*

Option 3:

- (a) To enable countries accessing the country cap for the first time to access project/programme funding up to a maximum size of [US \$15 million] [US \$ 25 million];
- (b) To enable countries which have previously accessed at least [US \$8 million] [US \$16 million] of funding under the country cap[, or for which four years had passed since approval of the first concrete single-country adaptation



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project(s)/(programme(s) by the Board, whichever occurred earlier] to continue to access the remaining resources under the country cap;

- (c) To request the Secretariat to communicate this decision to the Designated Authorities and the Implementing Entities of the Fund.

Option 4:

- (a) To enable countries accessing the country cap for the first time to access project/programme funding up to the maximum project/programme size for single-country projects/programmes;
- (b) To enable countries who have previously accessed the country cap to access project/programme funding up to the maximum project/programme size, subject to the availability of funds remaining under the country cap balance, without the limitations previously set through Decision B.36/41 paragraph (a);
- (c) To request the Secretariat to communicate this decision to the Designated Authorities and the Implementing Entities of the Fund.

Background

3. Based on its mandate, and consistent with its CMP mandate([1/CMP.4](#)), the Adaptation Fund Board allocates funding, including setting cap sizes, as a means of ensuring equitable and fair access to the AFs resources. Procedures for allocating grant financing are reviewed at least every three years as stipulated by The Board's Operational Policies and Guidelines. Additionally, it will periodically set the cap in resource allocation per eligible host country, project and program based on assessment of available resources¹.

4. In 2011, the cap for each country eligible for support with the Adaptation Fund was set at US \$10 million ([Decision B.13/23](#)) and that cap coincided with the maximum size for single-country projects and programmes. The country cap was increased to US \$20 million in 2021, with individual single-country projects and programmes then capped at US \$10 million ([Decision B. 36/41](#)). At that time, a policy around access, specifically the unlocking of the additional US \$10 million was put in place (Decision B.36/41(a)).

5. During discussion at its 43rd meeting, the Board expressed broad support for an increase in country and regional grant caps but expressed a desire for additional analysis and further elaboration of options for caps and project and program size, for consideration by the Board at its forty-fourth meeting ([B.43/33](#)). The full decision is as below:

¹ [Operational Policies and Guidelines \(2022\)](#), para 19.



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Having considered document [AFB/B.43/14](#), the Adaptation Fund Board (the Board) decided to request the secretariat to undertake additional analyses and further elaborate options for caps and project and programme size, including for setting the country cap periodically, for consideration by the Board at its forty-fourth meeting.

([Decision B.43/33](#))

6. In 2025, a significant number of countries had limited funds remaining under their cap allocations. At its 44th meeting, having considered document [AFB/B.44/9](#), the Board decided to increase the country cap to US \$40 million; as well as to increase the single-country project/programme size to US \$25 million through [\(Decision B.44/4\)](#). The full background on the current caps and challenges posed by previous caps are provided in [AFB/B.44/9](#).

7. Since the increasing of the caps at the 44th meeting, a new challenge has emerged and was reported to the [Report of the Secretariat on Initial Screening/Technical Review of Project and Programme Proposals](#) presented at the 36th meeting of the Project Programme and Review Committee (PPRC). The Secretariat was mandated as follows:

The Adaptation Fund Board decided to request the secretariat to prepare options concerning access to funding under the country cap, with a view to clarifying and/or updating decision B.36/41, paragraph (a), for consideration of the Project and Programme Review Committee at its thirty-seventh meeting.

([Decision B.45/6](#))

Review of Current Issue

Approach to countries initially applying for AF resources under the country cap

8. At the thirty-sixth meeting of the Adaptation Fund Board, the country cap was raised to US \$20 million and, as per [Decision B.36/41\(a\)](#), “any Party could access a total of up to US \$20 million from the Adaptation Fund once it had accessed funding amounting to at least US \$8 million for regular single-country adaptation projects or programmes or once four years had passed since approval of the first concrete single-country adaptation project(s)/(programme(s) by the Board, whichever occurred earlier”. At the forty-fourth meeting of the Adaptation Fund Board the country cap was further raised to US \$40 million and the maximum project size for single-country projects was raised to US \$25 million through [Decision B.44/4](#).

9. The Secretariat has continued to apply [Decision B.36/41\(a\)](#) for countries that have previously accessed the Fund. However, there is no updated guidance for countries that have not previously accessed Adaptation Fund resources.

Options Considered

10. **Option 1: Status quo:** This option, although enabling countries to gradually access the AF resources, is not clear on how first-time applicants should be treated



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with the recent project size increases. This option does not address the issue currently being faced, which is how to interpret the rule related to the size of a project by a country accessing a project for the first time in view of Decision B.36/41(a). One sub-option would be to constrain the maximum size of the funding accessed for the first time, and successful first-time access being a condition for unlocking the remaining funding, mirroring the principle behind Decision B.36/41(a) (see Option 3 below.)

11. **Option 2: Access incorporating recent Board decision:** The second option proposes incorporating the recent size of project of up to US \$25 million from Decision B.44/4 for first time applicants, while at the same time allowing the previous Board Decision B.36/41(a) to continue to hold for returning applicants. . In practical terms, it would mean that countries that have never accessed funding could access US \$25 million on the first try, whereas countries that have accessed funding but not met the threshold would be limited to meeting the threshold before accessing funding beyond the threshold. Moreover, Decision B.36/41(a), strictly interpreted, would limit those countries to accessing US \$20 million (“[...] so that any Party could access a total of up to US \$20 million from the Adaptation Fund once it had accessed funding amounting to at least US \$8 million for concrete single-country adaptation projects or programmes or once four years had passed since approval of the first concrete single-country adaptation project[...]”), i.e. not the full remainder of resources under the country cap.
12. **Option 3: Access based on Status quo but with updated amounts and additional clarifications:** This option would enable countries to gradually access the AF resources, with clarifications on how first-time applicants should be treated with the recent project size increases. This option would clarify the rule related to the size of a project by a country accessing a project for the first time in view of Decision B.36/41(a). Under this option, the maximum size of the funding accessed for the first time would be limited, and access threshold (i.e. “US \$8 million or at least four years since first access” rule) would be updated. Successful access would constitute the condition for unlocking the remaining funding, mirroring the principle behind Decision B.36/41(a).
13. **Option 4: Open access for all applicants:** The third option will remove all previous size limitations attached to Board Decision B.36/41 (a) for returning applicants while also providing clarity on the size for first time applicants. In this option, the maximum amount that can be accessed by either first time or returning applicants would be subject to what amount the Board had decided to be the maximum project size.
14. Based on the above, the Secretariat proposes that the Board considers Option 3 and 4 (please see Annex I for more detailed analysis of the four options.)



Annex 1: Options Table

Option	Option Elements	Pros	Cons
Option 1: Status Quo	<p>First time applicants (all categories): Access limitations unaddressed.</p> <p>Returning applicants (all categories): partially addressed with dated guidance since cap was raised.</p>	<ol style="list-style-type: none"> 1. Gradual access for applicants that may not have substantial experience accessing funding from AF may minimize the risk of allocating funding that could potentially go unused (with an “untested” IE, for example). 2. A risk-management measure for avoiding unexpected and unmanageable surge of demand on the Fund. 	<ol style="list-style-type: none"> 1. The status quo does not reflect the recent updates in single country project sizes. 2. The status quo has resulted in confusion on how to interpret the rule related to the size of a first time AF project vs funding unlocked after Decision B.36/41(a) thresholds have been met.
Option 2: Access incorporating recent Board decision.	<p>First time applicants: Project size limit for first time applicants to be set at \$25 M. This would apply to countries that have never accessed funding under the country cap that has never accessed AF funding previously.</p> <p>Returning applicants: The remaining funding under the country cap would become unlocked for countries that have met the threshold for access as per Decision B.36/41(a).</p>	<ol style="list-style-type: none"> 1. Provides clarity on how much can be accessed for first time AF applicants. 2. Consistent with previous Board approved decisions on country caps. 	<ol style="list-style-type: none"> 1. It is unclear how much the countries that have previously accessed funding but have not met the threshold for access as per Decision B.36/41 could access currently. 2. Countries that have previously accessed funding but have not met the threshold – would be disadvantaged vis-à-vis countries that have never accessed funding.
Option 3: Status quo with updates and clarifications	<p>First time applicants (all categories): Access limitations in place, however, the amount clarified and updated.</p> <p>Returning applicants (all categories): addressed with updated guidance since cap was raised.</p>	<ol style="list-style-type: none"> 1. Gradual access for applicants that may not have substantial experience accessing funding from AF may minimize the risk of allocating funding that could potentially go unused (with an “untested” IE, for example). 2. A risk-management measure for avoiding unexpected and unmanageable surge of demand on the Fund. 	<ol style="list-style-type: none"> 1. This option would retain in essence the rules under Decision B.36/41(a) with clarifications and updates. However, experience has not shown the utility of the above rule and it adds complexity to the overall programming process, without clear value-added.
Option 4: Open access for all applicants	<p>First-time applicants (all categories): No limitation on first-time applicants for project size to be less than the prescribed project size threshold set by the Board.</p>	<p>Allows countries to access AF resources under the country cap, discontinuing the threshold for access in the Decision B.36/41(a).</p>	<p>Perceived risk of “run-on the fund” situation if there are no limits and quickly depletes the AF resources. However, this risk has not been shown to have materialized</p>



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	<p>Returning applicants (all categories): no limitations on subsequent access for project size to be less than the prescribed project size threshold set by the Board.</p>		<p>in the past and subsequent to Decision B.36/41(a).</p>
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