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

PROPOSAL FOR ADAPTATION FUND CLIMATE INNOVATION ACCELERATOR PROGRAMME
UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

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 N6-600
Washington, D.C., 20433
U.S.A
Email: afbsec@adaptation-fund.org

ADAPTATION FUND

MULTI/ REGIONAL INNOVATION PROJECT/PROGRAMME PROPOSAL

PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme: UNDP- Adaptation Fund Climate Innovation
Accelerator Phase 2

Geographic Scope (Multi/Regional):   Multiple Countries

Thematic Focal Area[1]:   Innovative adaptation financing

Type of Implementing Entity: Multilateral Implementing Entity (MIE)

Implementing Entity: United Nations Development Programme (UNDP)

Executing Entities: United Nations Development Programme (UNDP)

Amount of Financing Requested: 15,000,000.00 (in U.S Dollars Equivalent)

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[1] The programme can have a thematic focus or foci, such as the following (i.e. this is not an exhaustive list): Agriculture and food security; Disaster risk reduction and early warning systems; Forests and land use management; Human health, including maternal and child health and welfare etc; Innovative adaptation financing; Local traditional ecological knowledge solutions, including harnessing or revival of indigenous, traditional solutions; Marine, fisheries, and oceans adaptation; Nature-based solutions, including ones that are biodiversity-supporting, in various settings (e.g. urban, peri-urban and non-urbanized); Urban adaptation and Water management

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1. Problem Statement

The Global South bears a disproportionate share of climate impacts despite minimal historical responsibility for emissions.[2] Least Developed Countries (LDCs) and Small Island Developing States (SIDS) collectively account for less than 4% of global greenhouse gas emissions—LDCs approximately 1–3%, SIDS under 1%, and Africa around 3.6–4%—yet these regions face escalating climate hazards with constrained fiscal space and limited adaptive capacity[3,4,5]. As global temperatures approach 1.5 °C above pre-industrial levels, they are already confronting intensifying heat stress, hydrological extremes, sea-level rise and ecosystem degradation that threaten lives, livelihoods, fiscal stability and long-term development gains[6,7].

Within these regions , vulnerability is multidimensional and intersectional. Vulnerable groups—including women, youth, indigenous peoples, ethnic minorities, persons with disabilities, migrants and the urban poor—experience heightened exposure and reduced adaptive capacity due to structural inequalities in land tenure, finance, information access and decision-making[8,9]. Gendered roles in water and food provisioning, unpaid care burdens during disasters and systematic exclusion from governance amplify these risks[10]. These climate stresses interact with existing economic and social fragilities—high poverty, informality, limited social protection and under-resourced public services—to deepen inequality and constrain development choices.

Although most countries have submitted Nationally Determined Contributions (NDCs) and many have initiated National Adaptation Plans (NAPs), progress remains slow due to systemic barriers—fragmented governance, weak institutional capacity and insufficient finance[11,12]. Fragmented governance, weak institutional capacity, short project cycles and patchy knowledge-sharing ecosystems mean that climate risks are not systematically translated into bankable, locally grounded adaptation pipelines. Indigenous knowledge and community innovations are often overlooked, resulting in misaligned interventions and limited sustainability. The result is a widening gap between planning and delivery, particularly in LDCs, SIDS and fragile states.

This gap is reinforced by a severe and growing shortfall in adaptation finance, and by the way existing finance is structured and allocated. Global adaptation finance reached about US$63 billion in 2021–2022—just 5% of total climate finance—against needs of approximately US$212 billion per year by 2030 and approximately

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2 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

3 Intergovernmental Panel on Climate Change. (2022). Climate Change 2022: Impacts, Adaptation and Vulnerability. IPCC Sixth Assessment Report. https://www.ipcc.ch/report/ar6/wg2/
4 United Nations Conference on Trade and Development. (2021). Trade and Environment Review 2021: Trade-climate readiness for developing countries. https://unctad.org/publication/trade-and-environment-review-2021
5 International Energy Agency. (2025). Global Energy Review 2025. https://www.iea.org/reports/global-energy-review-2025
6 World Meteorological Organization. (2024). State of the Global Climate 2024. WMO. Retrieved from https://public.wmo.int/en/resources/state-of-global-climate
7 Intergovernmental Panel on Climate Change. (2022). Climate Change 2022: Impacts, Adaptation and Vulnerability. IPCC Sixth Assessment Report. Retrieved from https://www.ipcc.ch/report/ar6/wg2/
8 World Resources Institute. (2021). State of Climate Action 2021: Systems Transformations Required to Limit Global Warming to 1.5°C. Retrieved from https://www.wri.org/research/state-climate-action-2021
9 Steinbach, D., Bahadur, A., Shakya, C., et al. (2022). The good climate finance guide for investing in locally led adaptation. IIED. Retrieved from https://www.iied.org/21231iied
10 PinhoGomes-, A.-C., & Woodward, M. (2024). The association between gender equality and climate adaptation across the globe. BMC Public Health, 24, Article 1394. Retrieved from https://bmcpublichealth.biomedcentral.com/articles/10.1186/s12889-024-18880-5
11 United Nations Environment Programme. (2024). Adaptation Gap Report 2024: Come hell and high water. UNEP. Retrieved from https://www.unep.org/resources/adaptation-gap-report-2024
12 Intergovernmental Panel on Climate Change. (2022). Climate Change 2022: Impacts, Adaptation and Vulnerability. IPCC Sixth Assessment Report. Retrieved from https://www.ipcc.ch/report/ar6/wg2/

US$310–365 billion by 2035 for developing countries alone. [13] International public adaptation flows to developing countries were approximately US$28 billion in 2022 and approximately US$26 billion in 2023, far below the Glasgow pledge to double 2019 levels by 2025. Distributional inequities are stark: LDCs have received less than 3% of tracked adaptation finance, and the ten most climate-affected countries (2000–2019) received under 2% of total climate finance; fragile and conflict-affected states remain severely underfunded despite acute vulnerability[141516].

At the same time, the actors best placed to deliver context-specific, scalable adaptation solutions remain trapped in a "missing middle". Community-based organizations, micro, small and medium enterprises (MSMEs) and social enterprises—critical for context-specific, scalable solutions—are often too large for micro-grants yet too early-stage for commercial investment, and too unconventional for traditional development funding.[171819].This structural gap limits innovation diffusion and scalability. Risk-averse funding modalities, rigid eligibility criteria and limited risk-sharing mechanisms mean that responsible risk-taking and the testing of novel approaches are the exception rather than the norm. Promising local innovations therefore struggle to move from idea and pilot to replication and scale, even where they directly address documented climate risks and vulnerable groups.

The desired future is one in which adaptation finance is significantly scaled up, predictable and better targeted: where LDCs, SIDS and fragile states receive a fair share of resources commensurate with their needs; where local and non-traditional actors—including women-, youth- and indigenous-led organizations, MSMEs and social enterprises—can access flexible, appropriately structured, risk-tolerant capital and tailored technical support; and where institutions and knowledge systems are configured to reward learning, responsible experimentation and the uptake of successful innovations. In that future, climate-vulnerable communities are not merely recipients of projects but co-designers and implementers of adaptation pathways that safeguard their economies, societies and ecosystems.

2. Economic, Social, Development, and Environmental Context[20]

2.1. Climate risks reshaping societies and systems

Climate change is accelerating and reshaping ecosystems and human systems across all regions[7]. Rising temperatures are driving more frequent and severe extremes—heatwaves, droughts, floods, and cyclones—that increasingly occur together or in quick succession. These compound and cascading events strain infrastructure, agriculture, water systems, energy, and health services, eroding resilience and elevating fiscal pressures[7]. Once global warming exceeds approximately 1.5°C, extremes intensify more sharply, and several

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13 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/

[14] Christian Aid. (2024). Annual Report 2024. Retrieved from https://www.christianaid.org/wp-content/uploads/2025/04/FY24-Corporate-Annual-Report.pdf

[15] Watson, C. (2025). Revitalising finance for adaptation: What role for the multilateral climate process? ODI Working Paper. Retrieved from https://odi.org/en/publications/revitalising-finance-for-adaptation-what-role-for-the-multilateral-climate-process/

[16] Shawoo, Z., Browne, K., Canales, N., & Nazareth, A. (2025). Assessing the distributive equity of adaptation finance: A framework. Climate Policy. https://doi.org/10.1080/14693062.2025.2456552 Retrieved from https://www.tandfonline.com/doi/pdf/10.1080/14693062.2025.2456552

17 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]

[18] United Nations Capital Development Fund. (2024). UNCDF Annual Report 2024: Unlocking finance for local development. Retrieved from https://www.uncdf.org/article/1234/annual-report-2024

[19] SEED. (2024). SEED Annual Report 2024: Accelerating green and inclusive enterprises. Retrieved from https://seed.uno/publications/annual-report-2024

[20] This is a summarized section. For full details, please refer to Annex 12.

ecosystems approach adaptation thresholds; coral reefs, coastal wetlands, mountain glaciers, and low-lying islands already exhibit stress signals that limit recovery and service provision for communities that rely on them[7].

The human dimension is central. Vulnerable populations—especially in the Global South—face disproportionate exposure and thinner safety nets. Nearly 80% of the world's poor live in regions where multiple hazards converge, and successive shocks since 2019 (pandemic, conflicts, price spikes, climate disasters) have reversed development gains, pushing millions into poverty and hunger[21]. This shock stacking deepens inequality, damages productivity, and traps households in cycles of vulnerability that are hard to escape without targeted support[171,22].

Economic and social context

Economic and social risks are tightly intertwined with climate hazards. Sub-Saharan Africa and South Asia host the largest concentrations of poor people who often face multiple, concurrent hazards—heat, drought, floods, cyclones—with limited adaptive capacity and access to finance[22] (UNDP, 2025). Middle-income regions now contain large shares of the poor as well, and many of these populations are highly exposed to climate extremes in urban and peri-urban settings where infrastructure deficits persist[21,22].

Risk is concentrated in specific settings that amplify vulnerability to climate hazards. In urban informal settlements, dense neighborhoods with inadequate drainage, cooling infrastructure, and emergency services experience acute heat stress and flash floods. Heavy rainfall often triggers disease outbreaks, while disruptions to housing, small businesses, and essential services reduce incomes and increase health costs[21] (United Nations, 2024).

In remote rural areas, livelihoods such as rainfed agriculture, pastoralism, and nature-based activities are highly sensitive to rainfall variability and temperature spikes. When droughts or floods strike repeatedly, households resort to coping strategies like selling assets, reducing food intake, or migrating seasonally—choices that erode resilience and increase long-term vulnerability[7].

Displacement settings face layered risks. Camps and host communities often combine elevated hazard exposure with resource scarcity and social pressures. Disaster-related displacement has surged in Asia–Pacific and parts of Africa and Latin America and the Caribbean, yet formal social protection coverage remains limited, leaving displaced populations highly exposed to climate shocks[21,22].

Gender and social identity shape vulnerability. Women's unpaid care work and roles in water and food provision reduce time and flexibility to adapt; limited land rights and credit access constrain enterprise resilience and farm productivity. Youth, indigenous peoples, persons with disabilities, migrants, and Afro-descendant communities often live in hazard-exposed neighborhoods with weaker access to services and finance (UNDP, 2025; United Nations, 2024). These factors compound risk and slow recovery, signaling the need for inclusive interventions that expand agency, assets, and protective systems.

Development context

Most countries now have Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs), yet implementation often remains slow and projectized. Aligning the two instruments is uneven, and institutional fragmentation across planning, finance, and sector agencies continues to hamper coordination and

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[21] United Nations. (2024). The Sustainable Development Goals Report 2024. United Nations. https://unstats.un.org/sdgs/report/2024/
[22] United Nations Development Programme. (2025). Overlapping Hardships: Poverty and Climate Hazards – Multidimensional Poverty Index 2025. UNDP. https://hdr.undp.org/

execution[23]. Country experiences—particularly in Latin America and the Caribbean—highlight persistent institutional capacity gaps that impede translation of national targets into multi-year, cross-sector programs[23][24]. On the public financial management side, climate-budget tagging and related tools are gaining ground, but pipeline quality and the pace of execution still lag demand in many contexts[25].

Despite widespread policy commitments, a major adaptation gap lies in the insufficient climate-proofing of essential infrastructure—transport networks, energy systems, and water supply—where design standards often rely on historical climate data rather than forward-looking risk scenarios. This omission exposes countries to escalating repair costs, service disruptions, and fiscal stress as climate hazards intensify[26][27]. Global evidence indicates that disaster-related infrastructure losses have increased sevenfold since the 1970s, underscoring the urgency of integrating resilience measures into planning and investment[27]. While guidance exists to incorporate climate projections into infrastructure design, adoption remains uneven, particularly in LDCs and SIDS where financing and technical capacity constraints persist[28]. Strengthening adaptation requires mainstreaming risk-informed standards, scenario-based engineering, and dedicated resources for project preparation to ensure infrastructure assets remain functional and safe under future climate conditions[29][30].

Monitoring, evaluation, and learning (MEL) systems remain uneven, and risk information is not consistently converted into investment ready- projects. Global evidence from infrastructure project preparation shows that many concepts stall before becoming "bankable" due to weak feasibility, unclear risk allocation, and limited preparation capacity—issues that also affect resilience projects[31]. Investment promotion bodies and financiers repeatedly point to the shortage of bankable pipelines as a binding constraint for private capital participation[32].

Knowledge ecosystems have gaps as well. Indigenous and community innovations—such as low-cost cooling, water harvesting, -climate smart agroforestry, and -community led- early warning—are often underrecognized or -under resourced- in formal programs, despite growing evidence that they strengthen adaptation effectiveness and social legitimacy[33]. Recent reviews show that integrating Indigenous knowledge with scientific assessments improves relevance and uptake, but requires ethical engagement, tailored finance, and procurement approaches that value locally led solutions[34][33].

[23] UNFCCC. (2024). Aligning National Adaptation Plans, Nationally Determined Contributions and Adaptation Communications (Policy brief, LDC Expert Group). https://unfccc.int/sites/default/files/resource/Policy-brief-NAPs-NDCs-AdComs.pdf

[24] Echebarria, K. (2024). Institutional challenges to the implementation of nationally determined contributions in Latin American and Caribbean countries (Working Paper No. 32). CGIAR. https://cgspace.cgiar.org/server/api/core/bitstreams/499e2025-2e41-4d10-a1d5-9f6a7d66a75d/content

[25] UNDP. (2025a). Using public financial management to implement NDCs and NAPs: Integrating climate goals into government budgets (Guidance note). https://www.undp.org/sites/g/files/zskgke326/files/2025-08/guidance_note_on_pfm_for_ndcs_and_naps_0.pdf

[26] IPCC. (2022). Climate Change 2022: Impacts, Adaptation, and Vulnerability. Cambridge University Press.

[27] OECD. (2024). *Infrastructure for a Climate-Resilient Future*. OECD Publishing.

[28] National Institute of Standards and Technology (NIST). (2024). Incorporating Climate Projections into Infrastructure Planning and Design.

[29] Wise, R. M., Capon, T., Lin, B. B., & Stafford-Smith, M. (2022). Pragmatic cost–benefit analysis for infrastructure resilience. Nature Climate Change, 12(11), 1013–1016.

[30] World Resources Institute (WRI). (2025). The Compelling Investment Case for Climate Adaptation.

[31] World Bank. (2017, September 26). Preparing bankable infrastructure projects (Blog). https://blogs.worldbank.org/en/ppps/preparing-bankable-infrastructure-projects

[32] Global Infrastructure Hub. (2019, April 23). Project preparation: Translate concept into bankable project. https://www.gihub.org/articles/project-preparation-translate-concept-into-bankable-project/

[33] Ciocco, T. W., Miller, B. W., Tangen, S., Crausbay, S. D., Oldfather, M. F., & Bamzai-Dodson, A. (2024). Indigenous knowledge in climate adaptation planning: Reflections from initial efforts. Frontiers in Climate, 6. https://doi.org/10.3389/fclim.2024.1393354

[34] Dorji, T., Rinchen, K., Morrison-Saunders, A., Blake, D., Banham, V., & Pelden, S. (2024). Understanding how Indigenous knowledge contributes to climate change adaptation and resilience: A systematic literature review. Environmental Management, 74, 1101–1123. https://doi.org/10.1007/s00267-024-02032-x

Finance context

Finance architecture remains a binding constraint for adaptation. The latest syntheses based on the UNEP Adaptation Gap Report estimate annual adaptation needs in developing countries on the order of US$187–359 billion, while public international adaptation finance delivered in 2022 was about US$28 billion—an order of magnitude lower than needs[35,36]. Private finance for adaptation remains limited and fragmented; IMF analysis finds that roughly 98% of tracked adaptation finance currently comes from public actors, underscoring the need for risk sharing- mechanisms and incentives to mobilize private capital[37,38].

Credit access is especially thin for micro, small, and medium enterprises (MSMEs)—the lastmile providers of goods, services, and jobs in vulnerable communities. The MSME finance gap in emerging markets and developing economies is estimated at US$5.7 trillion, with -women owned- MSMEs facing a gap of approximately US$1.9 trillion; these constraints limit investment in resilience upgrades, inventories, and technologies[39,40].

Environmental context

Escalating extremes and approaching adaptation limits in critical ecosystems raise systemic risks. Coral bleaching reduces fisheries and coastal protection; wetland loss damages water regulation and biodiversity; mountain glacier retreat affects dry-season flows, hydropower, and irrigation. In Asia's Hindu Kush–Himalaya, glacier retreat and the growing risk of glacier lake outburst floods (GLOFs) threaten downstream communities and energy systems; in coastal deltas, salinization reduces agricultural yields and affects drinking water quality. These environmental shifts reverberate across water, food, health, and infrastructure, with compound events— heat plus drought, flood plus disease outbreaks, storm surge plus sea-level rise—becoming more common[7,22].

3. Global Innovation and Adaptation Finance Context

Global innovation capacity remains highly concentrated in high income economies, while many climate vulnerable countries in Africa, Asia–Pacific, Arab States, Latin America and the Caribbean (LAC), and parts of Europe and Central Asia (ECA) operate- as emerging or under- -resourced innovators. At the same time, each region hosts "innovation over-performers"—economies whose innovation outputs exceed expectations given their income level—signaling latent capability that can be mobilized for adaptation[41]. Total climate finance reached ~US$1.3 trillion in 2021/22, but growth is skewed to mitigation (renewables, low carbon- transport), while adaptation—especially at local/community/MSME level—remains structurally under-financed[42].Recent syntheses place annual adaptation needs for developing countries at ~US$212 billion by 2030 and US$310–

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[35] E3G. (2025). Bridging the finance gap for adaptation (Briefing paper). https://www.e3g.org/wp-content/uploads/E3G-briefing-Bridging-the-finance-gap-for-adaptation-2.pdf

[36] UNEP. (2023). Adaptation Gap Report 2023. United Nations Environment Programme. https://www.unep.org/resources/adaptation-gap-report-2023

[37] IMF. (2024). Unlocking adaptation finance in emerging market and developing economies (Staff Climate Note No. 007). https://doi.org/10.5089/9798400293290.066

[38] OECD. (2023). Scaling up adaptation finance in developing countries. https://www.oecd.org/en/publications/scaling-up-adaptation-finance-in-developing-countries_b0878862-en.html

[39] SME Finance Forum. (2025). MSME finance gap: An updated estimation and evolution of the MSME finance gap in EMDEs. https://www.smefinanceforum.org/data-sites/msme-finance-gap

[40] World Bank. (2025). SME finance—Overview. https://www.worldbank.org/en/topic/smefinance

[41] World Intellectual Property Organization. (2024). Global Innovation Index. https://www.wipo.int/en/web/global-innovation-index

[42] Climate Policy Initiative. (2023). Global landscape of climate finance 2023. https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/

365 billion by the mid-2030s, compared to ~US$26 billion in public adaptation finance delivered in 2023, highlighting the magnitude of the adaptation finance gap[43,44].

From an adaptation innovation lens, the Global Innovation Index (GII) pillars most relevant are: framework conditions (policy, regulation), innovation investments in climate relevant sectors (water, agriculture, infrastructure, ecosystems, risk management), and outputs directly supporting adaptation (environment related technologies, early warning systems, SME green products/processes). Many developing countries already exhibit relative strengths in environment related environment related- technologies and SME product/process innovation, but these strengths are not consistently directed toward adaptation and are undermined by weak public R&D, limited risk capital, and insufficient government support for business innovation[41,7].

Regional Innovation Context

Africa

Sub-Saharan Africa combines high climate vulnerability with growing pockets of innovation excellence. The region hosts multiple innovation overperformers and is showing upward mobility in GII rankings, yet absolute performance remains low across many countries due to limited R&D, weak innovation infrastructure, and scarce finance (WIPO, 2024). Climate hazards—rapid warming, heavier downpours, multiyear droughts—and exposure in coastal cities compound stress on agriculture, water, health, and energy systems, with poverty and conflict amplifying risks (IPCC, 2022; UNDP, 2025). Converting rising innovation inputs (institutions, business sophistication) into high value adaptation outputs remains the key challenge (WIPO, 2024).

Asia–Pacific (including SIDS)

Asia–Pacific is the most disaster impacted region, with recurrent floods and storms, intensifying monsoon cloudbursts, and glacial retreat/GLOFs affecting livelihoods. SIDS face existential risks from -sea-level- rise and ocean warming despite negligible emissions[7]. The region also contains global innovation leaders such as (Singapore, Republic of Korea, China) and overperformers (e.g., India, Viet Nam), but many -low-income- economies and SIDS have small R&D bases and limited risk capital, slowing translation of frontier capabilities into locally led adaptation gains[41].

Europe & Central Asia (ECA)

ECA features top innovation leaders alongside moderate/emerging innovators. EU innovation performance improved approximately 10–13% (2017–2024), but regional disparities persist; Eastern/Southeastern Europe and parts of Central Asia show gaps in business R&D, public innovation support, and SME innovation, even as climate risks—heat drought- compounds, urban pluvial floods, glacier retreat and water stress—intensify[41,7] (IPCC, 2022; WIPO, 2024). Bridging the transition gap between strong institutional/technical capacity and frontline adaptation demands remains pivotal[41].

Arab States (MENA)

MENA is extremely water scarce- and increasingly exposed to extreme heat, flash floods, and desertification, with deltas (e.g., the Nile) experiencing salinization. Innovation performance is highly uneven; while several regional neighbors such as Israel, UAE, Türkiye, Cyprus rank among global leaders, while many low-/middle-income- states have weak R&D and fragmented innovation ecosystems[41,45]. Climate finance profiles show skews toward loans and mitigation, and SMEs struggle to access adaptation credit, constraining resilience investments[45].

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[43] E3G. (2025). Bridging the finance gap for adaptation (Briefing paper). https://www.e3g.org/wp-content/uploads/E3G-briefing-Bridging-the-finance-gap-for-adaptation-2.pdf

[44] UNEP. (2023). Adaptation Gap Report 2023. United Nations Environment Programme. https://www.unep.org/resources/adaptation-gap-report-2023

[45] UNESCWA. (2024). Climate finance in Arab States. https://www.unescwa.org/publications

Latin America & the Caribbean (LAC)

LAC faces intensifying cyclones, floods, droughts, rapid Andean glacier loss, and coastal surge/SLR in the Caribbean, alongside postCOVID- poverty reversals and rising food insecurity[46,7]. Innovation anchors—Brazil, Chile, Mexico—sit in midrange GII positions, while many countries exhibit low R&D intensity, limited infrastructure, and thin -early stage- capital. A persistent input–output gap sees investments in education/infrastructure not consistently translating into innovation outputs[41].

4. Climate Vulnerabilities: Global and Regional Perspective

Climate change is pushing Earth's systems toward dangerous tipping points and exceeding their capacity to adapt. Many critical ecosystems – from tropical coral reefs and coastal wetlands to mountain glaciers and low-lying islands – are already nearing or surpassing their "hard" adaptation limits[47]. Above about 1.5 °C of warming, the frequency and intensity of climate extremes (heatwaves, droughts, wildfires, cyclones, floods, etc.) rise sharply[48]. These extremes increasingly hit together or in succession, so that concurrent heat, drought and storm events cascade through infrastructure, food and water systems, health services and natural ecosystems. In practice, this means physical shocks compound one another and amplify impacts – for example, floods on top of storms or fires during heatwaves can overwhelm relief efforts and damage multiple systems at once. Crucially, these escalating hazards tend to hit the poorest and vulnerable communities hardest. Inequity and poverty limit adaptive capacity, so that low-income, vulnerable groups face far greater exposure and fewer means to cope[49]. In other words, intensifying climate hazards directly magnify socio-economic vulnerability, linking the physical threats of warming to the human development risks that follow.

Climate change is therefore not only an ecological challenge, but also a socio-economic challenge. The world's poorest populations, particularly in the Global South, bear a disproportionate share of climate impacts. Nearly 80% of the global poor (≈887 million people) live in regions exposed to hazards such as heatwaves, flooding, drought, and air pollution[50]. In low- and middle-income countries, successive shocks have reversed development gains: pandemics, conflicts, and climate disasters pushed 23 million more people into extreme poverty and 100 million more into hunger in 2022 compared to 2019[51]. About 83% of all poor people live in two regions—Sub-Saharan Africa (565 million) and South Asia (390 million), both climate hotspots[52]. Figure 1

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[46] Food and Agriculture Organization. (2024). The State of Food Security and Nutrition in the World 2024. FAO. https://www.fao.org/publications

[47] IPCC. (2022). Summary for Policymakers. *www.ipcc.ch*. IPCC. Retrieved November 8, 2025, from https://www.ipcc.ch/report/ar6/wg2/chapter/summary-for-policymakers/

[48] IPCC. (2018). Summary for Policymakers — Global Warming of 1.5 °C. *IPCC*. Retrieved November 8, 2025, from https://www.ipcc.ch/sr15/chapter/spm/

[49] IPCC. (2022b). Summary for Policymakers. *www.ipcc.ch*. IPCC. Retrieved November 8, 2025, from https://www.ipcc.ch/report/ar6/wg2/chapter/summary-for-policymakers/

50 *Overlapping Hardships: Poverty and Climate Hazards MULTIDIMENSIONAL POVERTY INDEX 2025.* (2025b). (pp. 14–

16). Retrieved November 8, 2025, from https://hdr.undp.org/system/files/documents/global-report-document/mpireport2025en.pdf

51 United Nations. (2024b). *The Sustainable Development Goals Report 2024.* *United Nations* (p. 3). Retrieved November

8, 2025, from https://unstats.un.org/sdgs/report/2024/The-Sustainable-Development-Goals-Report-2024.pdf

52 *Overlapping Hardships: Poverty and Climate Hazards MULTIDIMENSIONAL POVERTY INDEX 2025.* (2025c). (p. 3).

Retrieved from https://hdr.undp.org/system/files/documents/global-report-document/mpireport2025en.pdf

illustrates the quantum of climate hazard. In South Asia, 99% of the poor face at least one climate hazard, and more than half face multiple hazards simultaneously[53].

The adaptation finance gap is stark. Developing countries need USD 310–365 billion annually for adaptation by 2035, yet in 2023, only USD 26 billion in public adaptation funds reached them—roughly 12–14 times less than required[54]. Global adaptation finance totaled just USD 63 billion (≈5% of climate finance), far below the USD 212 billion per year needed by 2030[55]. Most of these scarce resources flow to richer economies: LDCs have received under 3% of adaptation finance, and the most climate-vulnerable countries under 2%[56].

The interplay of poverty and climate risk deepens vulnerability. The latest UNSDG report warns that *"climate change is hindering poverty reduction, and disasters result in millions of households becoming poor or remaining trapped in poverty"*[57]. Food insecurity is rising as record-high prices—partly driven by climate shocks—worsen access to nutrition globally. About 65% of poor people live in middle-income countries, underscoring that hunger and vulnerability persist even where nations are not classified as "low income"[58]. Upper-middle-income countries have fewer poor people in absolute terms. But their exposure to climate hazards is disproportionately high—91 per cent of poor people in these countries face at least one climate hazard[59].

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53 *Overlapping Hardships: Poverty and Climate Hazards MULTIDIMENSIONAL POVERTY INDEX 2025.* (2025d). (p.

18). Retrieved November 8, 2025, from https://hdr.undp.org/system/files/documents/global-report-

document/mpireport2025en.pdf

54 Environment, U. (2025). Adaptation Gap Report 2025. *UNEP - UN Environment Programme.* Retrieved November 8,

2025, from https://www.unep.org/resources/adaptation-gap-report-2025

55 Buchner, B., Naran, B., Padmanabhi, R., Stout, S., Strinati, C., Wignarajah, D., Miao, G., et al. (2023). *Global*

Landscape of Climate Finance 2023 AUTHORS (p. 6). Retrieved November 8, 2025, from

https://www.climatepolicyinitiative.org/wp-content/uploads/2023/11/Global-Landscape-of-Climate-Finance-2023.pdf

56 Buchner, B., Naran, B., Padmanabhi, R., Stout, S., Strinati, C., Wignarajah, D., Miao, G., et al. (2023). *Global*

Landscape of Climate Finance 2023 AUTHORS (p. 6). Retrieved November 8, 2025, from

https://www.climatepolicyinitiative.org/wp-content/uploads/2023/11/Global-Landscape-of-Climate-Finance-2023.pdf

57 United Nations. (2024c). *The Sustainable Development Goals Report 2024. United Nations* (p. 8). Retrieved

November 8, 2025, from https://unstats.un.org/sdgs/report/2024/The-Sustainable-Development-Goals-Report-2024.pdf

58 *Overlapping Hardships: Poverty and Climate Hazards MULTIDIMENSIONAL POVERTY INDEX 2025.* (2025e). (p. 6).

Retrieved November 8, 2025, from https://hdr.undp.org/system/files/documents/global-report-

document/mpireport2025en.pdf

59 *Overlapping Hardships: Poverty and Climate Hazards MULTIDIMENSIONAL POVERTY INDEX 2025.* (2025f). (p. 18).

Retrieved November 8, 2025, from https://hdr.undp.org/system/files/documents/global-report-

document/mpireport2025en.pdf

Socio-economic and environmental inequalities compound these risks. Vulnerable groups—women, youth, indigenous peoples, ethnic minorities, persons with disabilities, migrants, and the urban poor—consistently lack adaptation support and voice[60]. Women shoulder disproportionate unpaid care work, limiting resilience, while indigenous knowledge is often excluded from planning. Environmental degradation and the loss of critical ecosystem services that people depend on—fisheries, freshwater regulation, soil health and crop biodiversity, non-timber forest products (NTFPs), and regulating services (e.g., carbon storage, flood buffering, pollination)—explicitly compound risk and create feedback loops with climate impacts[61]. Ocean warming, acidification and deoxygenation are already affecting marine ecosystems and fisheries productivity, heightening risks for coastal and small-scale fishers[61]. On land, desertification and land degradation reduce water retention and soil fertility, weakening agro-ecosystems and resilience[61].

Children under 18 make up just 33.6% of the population covered by the global MPI. Yet they account for 51% of people in multidimensional poverty. Among all children, 28% live in multidimensional poverty, more than double the rate among adults (13.5%)[62]. Many communities—such as informal urban settlements, remote villages, and nomadic pastoralists—already lack access to finance, markets, education, and services, leaving them highly exposed to climate threats.

Taken together, the evidence is clear: climate shocks are now intertwined with development challenges. Asia and Africa are epicenters of overlapping poverty and hazards, while even middle-income and urban populations face growing risks (e.g., heat in cities, coastal floods). The result is a vicious cycle: poor households and marginalized and vulnerable communities have fewer resources to adapt, so climate disasters deepen poverty and inequality. Closing this gap requires scaling up inclusive climate action that prioritizes those most at risk.

4.1. Regional Vulnerabilities

Africa is experiencing rapid warming, heavier downpours, and multi-year droughts. According to the World Meteorological Organization, 2024 was the warmest or second-warmest year on record for Africa, with surface temperatures about 0.86°C above the 1991–2020 average; North Africa warmed the fastest (≈1.28°C above that baseline)[63]. Human-driven climate change has already increased heatwaves and hot extremes in Africa. In 2024, extreme heat affected many parts of the continent, disrupting agriculture, reducing labor productivity and even forcing school closures during record heatwaves. Coastal and marine temperatures around Africa have also climbed: sea-surface waters in the Atlantic and Mediterranean reached record highs in 2024, fueling massive marine heatwaves unseen since measurements began[64].

Rainfall patterns are becoming more erratic and extreme. Intense short-duration storms have grown more frequent, causing catastrophic floods in places like the Sahel and East Africa, while other regions face prolonged drought. The WMO notes "exceptional flooding" in some countries from excessive rainfall and "persistent droughts and water scarcity" in others. Over the Mediterranean and Sahara margins, declining precipitation has increased aridity – the balance of evaporation over rainfall – exacerbating water stress in

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[60] IPCC AR6 WGII (2022) – Climate Change 2022: Impacts, Adaptation and Vulnerability – Summary for Policymakers (SPM).

[61] IPCC SRCCL (2019) – Special Report on Climate Change and Land: desertification, land degradation, food security, and land–climate interactions. (SPM; Chapters 2, 4, 5).

62 *Overlapping Hardships: Poverty and Climate Hazards MULTIDIMENSIONAL POVERTY INDEX 2025*. (2025g). (p. 6). Retrieved November 8, 2025,

from https://hdr.undp.org/system/files/documents/global-report-document/mpireport2025en.pdf

[63] Extreme weather and climate change impacts hit Africa hard. (2025, May 7). *World Meteorological Organization*. Retrieved November 8, 2025, from https://wmo.int/news/media-centre/extreme-weather-and-climate-change-impacts-hit-africa-hard

[64] 64 Extreme weather and climate change impacts hit Africa hard. (2025, May 7). *World Meteorological Organization*. Retrieved November 8, 2025, from https://wmo.int/news/media-centre/extreme-weather-and-climate-change-impacts-hit-africa-hard

North Africa[65]. In contrast, East African highlands and parts of the Sahel have seen more intense downpours, consistent with warming-driven increases in atmospheric moisture and heavy rainfall intensity[66] [67]. Meanwhile, southern Africa has seen both record-breaking cyclones and multi-year droughts – trends that, under warming scenarios, will yield fewer but stronger tropical storms and more frequent multiyear droughts[68] [69].

Africa's long coastline and rapidly growing coastal cities are also at rising risk. Relative sea level is projected to climb by many tens of centimeters by 2100, threatening shorelines from the Nile Delta to West African coasts. One IPCC assessment estimates that 108–116 million Africans will be exposed to sea-level rise by 2030 (up from approximately 54 million in 2000), growing to 190–245 million by 2060[70]. Storm surges and coastal flooding driven by higher seas and more intense cyclones compound these threats to low-lying cities and infrastructure. By mid-century, the damages from sea-level rise and coastal storms could reach tens of billions of dollars for African coastal megacities[71] [72].

These climatic shifts compound existing social and economic vulnerabilities. As WMO warns, "extreme weather and climate change impacts are hitting every single aspect of socio-economic development in Africa and exacerbating hunger, insecurity and displacement". In practice, higher temperatures and erratic rain hurt rainfed agriculture, food and water security, and public health. Consequently, Africa's rapid warming, stronger heatwaves, heavier floods and deeper droughts set the stage for the socio-economic crises to follow. These climate pressures will amplify poverty, food insecurity and conflict in the region's vulnerable communities as Africa is home to the largest concentration of climate-vulnerable people.

Arab States (MENA) Arab League countries – from the wealthy Gulf monarchies to the Maghreb and Mashreq – are warming at alarming rates, roughly twice the global average[73]. Extreme heat is becoming the "new normal," with heatwaves intensifying and land aridity increasing. As UNDP notes, "temperatures in the Arab States region are increasing twice as fast as the global average," driving frequent droughts and water scarcity. In fact, today the region contains 14 of the world's 20 most water-stressed countries. By mid-century, all Arab countries are expected to live under "extremely high" water stress, which could slash regional GDP by up to

[65] IPCCC. (n.d.). Chapter 9. *IPCC Sixth Assessment Report*. Retrieved November 8, 2025, from
https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_Chapter09.pdf

[66] IPCCC. (n.d.). Chapter 9. *IPCC Sixth Assessment Report*. Retrieved November 8, 2025, from

https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_Chapter09.pdf

[67] WMO. (2024). *State of the Climate in Latin America and the Caribbean 2024 WEATHER CLIMATE WATER State of the Climate in Africa 2024* (p. 5).

Retrieved November 8, 2025, from https://wmo.int/sites/default/files/2025-05/Africa_2024final1.pdf

[68] WMO. (2024). *State of the Climate in Latin America and the Caribbean 2024 WEATHER CLIMATE WATER State of the Climate in Africa 2024* (p. 5).
Retrieved November 8, 2025, from https://wmo.int/sites/default/files/2025-05/Africa_2024final1.pdf

[69] IPCCC. (n.d.). Chapter 9. *IPCC Sixth Assessment Report*. Retrieved November 8, 2025, from
https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_Chapter09.pdf

[70] IPCCC. (n.d.). Chapter 9. *IPCC Sixth Assessment Report*. Retrieved November 8, 2025, from
https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_Chapter09.pdf

[71] IPCCC. (n.d.). Chapter 9. *IPCC Sixth Assessment Report*. Retrieved November 8, 2025, from
https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_Chapter09.pdf

[72] WMO. (2024). *State of the Climate in Latin America and the Caribbean 2024 WEATHER CLIMATE WATER State of the Climate in Africa 2024* (p. 5).
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[73] UNDP. (2023). Rising to the challenge: Climate action in the Arab region. *UNDP*. Retrieved November 9, 2025, from https://www.undp.org/arab-

states/stories/rising-challenge-climate-action-arab-region

approximately14% by 2050[74] [75]. Nearly half of the region's farmland is already degraded by soil erosion, salinization or nutrient loss. The combined effect is a harsher desertification trend: staple agriculture faces steep productivity declines, threatening food security for millions.

Although the climate is drying on average, rainfall is becoming more erratic and extreme. Satellite data confirm that when desert storms hit, they can pour massive amounts of rain in a short time[76]. The IPCC and regional scientists warn of "increased extreme precipitation events" even as average rainfall declines. In arid and Mediterranean zones, winters and autumns may see more intense storms, while summers get drier. Evidence from 2023–24 shows climate change is amplifying these extremes. World Weather Attribution analysis confirms that climate warming made events like Storm Daniel up to 50x more likely and 50% more intense than in pre-industrial times. The upshot: arid cities face growing flash-flood hazards amid heat, even as the overall water supply dwindles.

Large low-lying areas and deltas in the Arab region – notably the Nile Delta, Arabian Gulf coasts, and Mediterranean fringes – are highly vulnerable to sea-level rise and storm surges. Currently, about 9% of the Arab population lives within approximately5 m of sea level, often in densely settled coasts[77]. As seas rise, saltwater is intruding into coastal aquifers and farmland (especially in Egypt's delta). NASA analyses show the Nile Delta's most fertile soils are already being lost: roughly 15% of Egypt's prime farmland has suffered permanent salinization due to rising seas and subsidence[78]. Rapid urbanization compounds the problem: cities like Alexandria and Cairo have been expanding onto delta land, eating away at agricultural buffers.

Overall, Arab states suffer "some of the world's fastest warming"[79], yet the region receives among the lowest levels of climate finance in the world. One UNDP analysis finds Arab countries need roughly $600 billion by 2030 to adapt and decarbonize, but received only approximately $35 billion from 2010–2020[80]. Adaptation is especially underfunded: United Nations Economic and Social Commission for Western Asia reports the region still gets 8.5x more loans than grants and about 3.5x more funding for mitigation vs. adaptation[81]. Financial flows are concentrated in a few wealthy states, while fragile or low-income countries see only approximately

[74] Hall, N. (2024, March 22). Surviving Scarcity: Water and the Future of the Middle East. *features.csis.org*. Retrieved from

https://features.csis.org/surviving-scarcity-water-and-the-future-of-the-middle-east/

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[76] A Deluge for the Sahara. (2024, September 13). *Nasa.gov*. NASA Earth Observatory. Retrieved from

https://www.earthobservatory.nasa.gov/images/153320/a-deluge-for-the-sahara

[77] UNDP. (2023b). Rising to the challenge: Climate action in the Arab region. *UNDP*. Retrieved from https://www.undp.org/arab-

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[78] Voiland, A. (2021, December 15). The Nile Delta's Disappearing Farmland. *earthobservatory.nasa.gov*. Retrieved from

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https://www.undp.org/arab-states/stories/rising-challenge-climate-action-arab-region

[80] How young people in the Arab States region are shaping climate action. (2024). *UNDP*. Retrieved November 9, 2025, from

https://www.undp.org/arab-states/stories/how-young-people-arab-states-region-are-shaping-climate-action

[81] *Needs-based Climate Finance Project Arab States Climate Finance Access and Mobilization Strategy*. (2022). (p. 6). Retrieved November 9, 2025,

from https://www.unescwa.org/sites/default/files/event/materials/Arab-States-Climate-Finance-Access-Mobilization-

Strategy%20%28English%29-Draft-July2022.pdf

5% of total climate aid. Credit remains scarce: the region "has the largest gap in access to credit in the world," hampering private investment in green projects. Small and medium enterprises – which make up approximately 96% of firms and 50% of jobs – struggle to get financing for clean-tech innovations.

Asia-Pacific, including Small Island Developing States (SIDS), is the world's most disaster-impacted region. Asia–Pacific is a climate hotspot: UNDP Human Development Report warns climate change is a "profound existential threat" to the region. It is home to roughly 60% of the world's population[82] in fast-growing economies (China, India, Southeast Asia) that still rely heavily on coal and oil (about 85% of energy). By contrast, vulnerable small islands contribute only approximately 0.01% of global emissions but face "immediate and existential" risks from rising seas and marine heatwaves[83].

Extreme weather already pummels the region. Asia–Pacific averages about six climate disasters per year – roughly double Latin America's rate and triple Africa's. In 2022 alone, storms and floods in the region caused approximately 7,500 deaths, affected 64 million people and inflicted approximately $57 billion in damage. Coastal megacities amplify these impacts: six of the world's largest flood-prone coastal cities (Tokyo, Mumbai, etc.) are here, and about 70% of the global population vulnerable to sea-level rise lives in Asia–Pacific[84]. At the same time, warming is intensifying regional hydrology: heavy monsoon downpours are expected to become much more extreme[85]. The Asia–Pacific region contains some of the world's highest mountains and most extensive glacier systems. The mountains and glaciers in the Asia–Pacific region are among the most vulnerable to ongoing climatic, societal and environmental changes. Glaciers in the HKH region are disappearing at an alarming rate: 65% faster in 2011–2020 than in the previous decade ,according to UN World Water Development Report 2025[86]. They are also melting faster than the global average. It has been projected that under global warming scenarios of 1.5–2°C, glacier volume in the HKH region may reduce by 30–50% by 2100. If global warming exceeds 2°C, these glaciers may shrink down to 20–45% of their 2020 volume. These warming and melting trends will cause catastrophic changes. Increases in total runoff in the Third Pole region have been projected, with the largest impacts in the monsoon-dominated river basins. For rivers like the Indus where the contributions of glacier- and snow-melt are high, increasing streamflow is expected to peak, then diminish. While impacts vary by river basin, research reiterates the role of glacial melt as a contributor to GLOFs, flash floods and landslides and elevated damage to human settlements, farm and pasture production, transport networks and hydropower energy systems. The risk of GLOFs occurring in the HKH region has been

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[82] *Climate, Peace and Environmental Resilience in the Asia-Pacific Region*. (2025). Retrieved from

https://weatheringrisk.org/sites/default/files/document/%28Final%29%20Climate%20Peace%20and%20Environmental%20Resilience%2

0in%20Asia_Pacific_Report_0.pdf

[83] For Asia-Pacific, climate change poses an "existential threat" of extreme weather, worsening poverty and risks to public health, says UNDP report.

(2023, December 7). *UNDP*. Retrieved November 9, 2025, from https://www.undp.org/asia-pacific/news/asia-pacific-climate-change-

poses-existential-threat-extreme-weather-worsening-poverty-and-risks-public-health-says-undp-report

[84] For Asia-Pacific, climate change poses an "existential threat" of extreme weather, worsening poverty and risks to public health, says UNDP report.

(2023, December 7). *UNDP*. Retrieved November 9, 2025, from https://www.undp.org/asia-pacific/news/asia-pacific-climate-change-

poses-existential-threat-extreme-weather-worsening-poverty-and-risks-public-health-says-undp-report

[85] *SIXTH ASSESSMENT REPORT*. (n.d.). Retrieved from

https://www.ipcc.ch/report/ar6/wg1/downloads/factsheets/IPCC_AR6_WGI_Regional_Fact_Sheet_Asia.pdf

[86] UNESCO. (2025). The United Nations World Water Development Report 2025 - Mountains and glaciers Water towers. *Unesco.org*. Retrieved

November 9, 2025, from https://unesdoc.unesco.org/ark:/48223/pf0000393070

predicted to triple by the end of the century, with a significant number of GLOFs affecting other downstream countries, primarily in the eastern Himalayas.

The human toll is compounded by poverty and inequality. The region holds 60% of the world's population, including fast-developing economies and huge concentrations of poor people (e.g. India, Bangladesh, Indonesia). Disasters strike frequently: Asia-Pacific sees approximately 6 natural disasters per year on average, roughly twice Latin America's rate and three times Africa's. Coastal megacities and small island states are especially exposed: Asia-Pacific contains six of the world's largest flood-prone cities, and about 70% of the global population is at risk from sea-level rise[87].

Europe and Central Asia (ECA) face compound heat-drought events, urban pluvial floods, and glacier retreat in Central Asia, which heightens water stress. While risk-layered finance and green-blue urban infrastructure are priorities, they remain underfunded. Across Europe and Central Asia, climate hazards are intensifying. Heatwaves have grown more frequent and severe in all sub-regions, while precipitation patterns are shifting – winters are wetter in the north and summers drier around the Mediterranean[88]. These changes fuel compound extremes, such as concurrent heatwaves and droughts that heighten wildfire and crop-failure risks[89].

Despite relatively lower overall poverty in ECA than in other parts of the world, stark disparities persist. Central Asian republics and the Caucasus are especially at risk, facing glacier retreat, chronic drought, and competition over dwindling water supplies. Recent droughts have slashed agricultural yields by 30–40% in parts of Central Asia[90], spurring food and water crises. Vanishing glaciers and reduced river flows are already stoking tensions over shared waters like the Fergana Valley[91]. Rural mountain communities – pastoralists and subsistence farmers in the Pamirs, Tien Shan or Caucasus – are also highly vulnerable, as erratic rainfall and thawing permafrost trigger floods and landslides in remote villages with fragile infrastructure[92].

In the Western Balkans, drought combined with socio-political fragility has made the region a climate-security hotspot, where water shortages and farm losses could inflame unrest. Eastern Europe, meanwhile, faces compounding stresses: the war in Ukraine and energy price spikes have heightened social vulnerabilities alongside climate impacts. Even the wealthier EU countries are not immune – the deadly 2022 heatwaves and wildfires revealed that urban populations are also at risk, with thousands of mainly elderly people perishing

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87 Akash. (2023, December 7). For Asia-Pacific, climate change poses an "existential threat" of extreme weather, worsening poverty and risks to

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poses-existential-threat-extreme-weather-worsening-poverty-and-risks-public-health-says-undp-report

88 *SIXTH ASSESSMENT REPORT Regional fact sheet -Europe*. (n.d.). Retrieved from

    https://www.ipcc.ch/report/ar6/wg1/downloads/factsheets/IPCC_AR6_WGI_Regional_Fact_Sheet_Europe.pdf

89 Regional trends in extreme events in the IPCC 2021 report. (2022, March 21). *World Meteorological Organization*. Retrieved from

    https://wmo.int/media/magazine-article/regional-trends-extreme-events-ipcc-2021-report

90 Climate change poses major security risks to Europe and Central Asia | United Nations Development Programme. (n.d.). *UNDP*. Retrieved from

    https://www.undp.org/eurasia/blog/climate-security

91 Climate change poses major security risks to Europe and Central Asia | United Nations Development Programme. (n.d.). *UNDP*. Retrieved from
https://www.undp.org/eurasia/blog/climate-security
92 Protecting Central Asia's mountains and landscapes to transform people's lives and livelihoods. (n.d.). *World Bank Blogs*. Retrieved from

    https://blogs.worldbank.org/en/europeandcentralasia/protecting-central-asias-mountains-and-landscapes-to-transform-peoples-lives

from extreme heat[93]. Pockets of rural poverty persist too – in Moldova, a 30% collapse in harvests led to massive job losses and a recession. Climate change thus acts as a threat multiplier across ECA, hitting the poorest communities hardest and sometimes fueling instability.

Latin America and the Caribbean (LAC) experience intensifying cyclones, floods, and droughts. Latin America and the Caribbean are facing an alarming convergence of climate hazards and socio-economic vulnerabilities, underscoring the urgency for targeted intervention. Intensifying climate extremes are already exacting a heavy toll. In recent years, multiple hazards have battered the region: dying Andean glaciers, record-breaking Caribbean hurricanes, severe droughts and deadly floods have all scarred LAC's socio-economic landscape[94]. Tropical cyclones in the Caribbean are growing more destructive; for example, Hurricane Beryl in 2024 was the strongest on record to strike Grenada, wreaking devastation across the islands. Cyclical El Niño events now fuel unprecedented floods and droughts – in 2024, El Niño conditions contributed to widespread drought across the Amazon Basin, with major rivers like the Negro in Manaus dropping to record lows and parts of the Paraguay River hitting their lowest level in 60 years. The high Andes are experiencing dramatic glacier loss: Venezuela has now lost its last remaining glacier, and the Andes have shed roughly 25% of their ice since the late 19th century, with tropical glaciers melting ten times faster than the global average. Meanwhile, low-lying small islands face existential threats from coastal erosion and rising seas; ocean warming and melting ice are accelerating sea-level rise, heightening the peril for coastal communities and island nations in the Caribbean. From the vanishing glaciers of the Andes to drought-stricken Amazonian rainforests and eroding beaches in the Caribbean, climate hazards are intensifying on all fronts in LAC, inflicting damage that lasts long after each disaster's headlines fade[95].

For the region's most vulnerable people, these escalating hazards hit hardest. Rural smallholder farmers (campesinos) and indigenous communities, who rely on climate-sensitive agriculture and ecosystems, have seen their livelihoods devastated by erratic rains, extreme droughts and other shocks. In cities, the urban poor – often crowded into informal settlements on flood-prone hillsides or coastlines – also bear disproportionate risk. Afro-descendant and indigenous populations are overrepresented in high-exposure zones due to historical marginalization. For instance, Afro-descendants in Latin America are roughly twice as likely to live in urban slums as non-Afro-descendants[96], meaning they often inhabit the least protected, most hazard-exposed parts of cities. Indigenous groups, too, are directly in harm's way: during the severe 2024 Amazon drought (the worst in 45 years), at least 16 indigenous groups across 42 territories in Brazil were directly affected by water shortages and wildfires[97]. These intersecting inequalities translate into a climate vulnerability gap – those with the fewest resources are the most exposed and least able to recover. Decades of social development gains are now at risk of unravelling. The COVID-19 pandemic, combined with recent climate catastrophes, has already reversed earlier progress in poverty reduction.

Taken together, these regional patterns reveal a global picture of accelerating climate hazards intersecting with socio-economic fragility. Addressing these vulnerabilities requires inclusive, well-financed adaptation strategies that prioritize the most exposed communities and ecosystems.

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from https://www.theguardian.com/environment/2025/jul/09/europe-june-heatwave-study-climate-breakdown-tripled-death-toll

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[95] Extreme weather and climate impacts bite Latin America and Caribbean. (2025b, March 27). *World Meteorological Organization*. Retrieved from https://wmo.int/news/media-centre/extreme-weather-and-climate-impacts-bite-latin-america-and-caribbean

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[97] UNICEF. (2025). Latin America and Caribbean Region. *www.unicef.org*. UNICEF. Retrieved November 10, 2025, from https://www.unicef.org/media/165706/file/2025-HAC-LAC.pdf

5. Climate-Change Adaptation Priorities

5.1. Global adaptation priorities

Adaptation is now a global imperative, especially for Least Developed Countries (LDCs) and Small Island Developing States (SIDS) that face escalating hazards while contributing little to historical emissions (e.g., coastal flooding, heat, drought, storms)[398]. The financing reality is clear: the adaptation finance gap is estimated at US\$187–359 billion per year by 2030, and >US\$310 billion annually by 2035, yet international public adaptation finance to developing countries was about US\$28 billion in 2022 and approximately US\$26 billion in 2023—a small fraction of needs[11]. Tracked flows in 2021–2022 reached approximately US\$63 billion (public + private), only approximately 5% of total climate finance; Africa received approximately 20% of adaptation flows despite high exposure[133].

While more countries are submitting NAPs, implementation remains slow and projectized due to fragmented governance, constrained institutional capacity, and weak monitoring, evaluation and learning (MEL) systems[Error! Bookmark not defined.]. This is precisely why global guidance now emphasizes locally led adaptation (LLA) and the elevation of indigenous knowledge and gender responsive- climate services—principles the Adaptation Fund has mainstreamed in its 2023–2027 strategy[16612].

These priorities directly align with the Adaptation Fund's eligibility criteria [99] which prioritize developing country Parties to the Kyoto Protocol or the Paris Agreement that are particularly vulnerable to the adverse effects of climate change, including low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems.

5.2. Global evidence-based priorities: what to scale

The themes outlined below were selected through a synthesis of global evidence, policy signals, and lessons from AFCIA 1, reflecting interventions that combine high impact, cost-effectiveness, and scalability in climate-vulnerable contexts (for a detailed analysis please refer to **Annex 12**). They align with priorities consistently highlighted in National Adaptation Plans (NAPs), the Global Goal on Adaptation (GGA), and the Adaptation Fund's 2023–2027 strategy, which emphasize systemic resilience and equity[100,101]. Each theme addresses a critical bottleneck identified in the above sections: gaps in early warning coverage, food and water security, resilient infrastructure, and urban adaptation finance, alongside the need for risk-layered instruments to protect households and economies. Importantly, Locally Led Adaptation (LLA) is included as a standalone priority because global reviews confirm that empowering communities as decision-makers—not just beneficiaries—improves relevance, uptake, and sustainability of adaptation measures[102,103]. LLA also responds to persistent equity gaps and the "missing middle" challenge, ensuring that grassroots innovators, MSMEs, and Indigenous knowledge systems are central to adaptation pathways. Together, these priorities represent actionable levers for closing the adaptation delivery gap and accelerating progress toward resilience at scale. Early Warnings

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for All, climate services & anticipatory action: Universal multi hazard early- warning systems (MHEWS) are among the most cost- effective- adaptation investments, with strong benefit–cost ratios and measurable lifesaving impact. Yet coverage is still incomplete, particularly in LDCs and SIDS. The 2024 Global Status of MHEWS shows countries with limited MHEWS suffer approximately 6-time- higher disaster mortality than those with substantial coverage; progress is uneven and finance must accelerate to close the gap[165]**Error! Bookmark not defined.**.

Water security across flood–drought cycles: Integrated measures—forecast informed- reservoir operations, floodplain restoration, drought risk management, and climate services for agriculture—reduce cascading risks to food, health, and cities and are prioritized in many NAPs**Error! Bookmark not defined.**[104].

Risk **informed, resilient infrastructure through locally led Nature based Solutions (NbS):** NbS—such as mangrove restoration, urban wetlands, floodplains, and ridge to- reef watershed management—reduce climate risks now by lowering flood depths, buffering storm surge, cooling urban heat, stabilizing slopes, and improving water availability. When we count all the benefits (avoided losses, fisheries and food security, recreation, biodiversity, and carbon), NbS- often deliver higher net benefits and lower lifecycle costs than grey- -only options, especially in coastal and riverine settings[12105].

Risk layered finance and adaptive social protection: Blending contingency funds, forecast-based finance, and parametric insurance with adaptive social protection (for example, shock-responsive cash transfers) helps governments and households bounce back faster aftershocks[106].

Urban adaptation: Cities concentrate risk, but urban adaptation finance remains limited. In 2024, adaptation flows to cities were approximately US$10 billion (1.2% of urban climate finance), and EMDE cities received just 11% of urban climate finance; LDC cities, approximately 1%[107]. Scaling urban NbS and heat/flood resilience requires better budget tracking and stock takes-; UNEP's State of Finance for Nature in Cities 2024 provides an Urban NbS framework and shows the global NbS finance gap[108].

5.3. Regional adaptation priorities

Africa

Across Africa, NAPs commonly elevate water resources management (including drought and flood risk), agriculture and food security, multi hazard early warning/DRR, and ecosystem- -based or NbS approaches— with many plans integrating these themes into sector strategies and budget pipelines[109]. These priorities are reflected in the UNFCCC's 2024 synthesis of submitted NAPs and in regional dialogues that underline the centrality of water and risk information for planning and finance access[110]. In East and Southern Africa, UNFCCC reporting highlights formal NAPs moving into implementation, with action lines on early warnings, sustainable land and watershed management, and risk -informed planned relocation, framed explicitly as NAP

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[104] United Nations Framework Convention on Climate Change. (2024). Progress in the process to formulate and implement National Adaptation Plans (NAPs).

[105] The Nature Conservancy. (2022). Reducing Caribbean risk: Opportunities for cost-effective mangrove restoration and insurance. https://www.nature.org/content/dam/tnc/nature/en/documents/TNC_MangroveInsurance_Final.pdf

[106] World Bank. (2020). Adaptive social protection: Building resilience to shocks. https://documents1.worldbank.org/curated/en/579641590038388922/pdf/Adaptive-Social-Protection-Building-Resilience-to-Shocks.pdf

[107] Climate Policy Initiative. (2024). 2024 state of cities climate finance. https://www.climatepolicyinitiative.org/publication/2024-state-of-cities-climate-finance/

[108] United Nations Environment Programme. (2024, October 26). From grey to green: State of finance for nature in cities 2024. https://www.unep.org/resources/report/grey-green-better-data-finance-nature-cities-state-finance-nature-cities-2024

[109] NAP Global Network (IISD). (2025). Progress and learning report 2024. https://napglobalnetwork.org/wp-content/uploads/2025/04/napgn-en-2025-nap-gn-progress-learning-report-2024.pdf

[110] GWP. (2019). Addressing water in National Adaptation Plans: Water supplement to the UNFCCC NAP technical guidelines (2nd ed.). NAP Central. https://www.napcentral.org/supplementary-materials/133

priorities [111] . Given the cross border- nature of many basins, African climate policy also references transboundary water cooperation and WASH service resilience as part of NAP–NDC alignment. In parallel, continentwide early- warning- initiatives (EW4All) are being institutionalized as a delivery track inside national adaptation frameworks and roadmaps111[112].

Arab States (MENA)

Across the Middle East and North Africa, NAP processes and regional briefs show a water centric portfolio: demand management, reuse and groundwater governance, alongside heath planning, urban flood/flash flood risk reduction, and coastal risk management for deltas and low-lying coasts[113]. Countries describe ongoing work to downscale climate information, run sectoral vulnerability assessments, and mainstream adaptation into national development plans—often starting with water, agriculture, health, and cities. Regional guidance from UNECE and partners also documents NAP linkages to transboundary aquifers, WASH resilience, and cooperative water governance—issues that recur across national priority lists in arid and semiarid settings. UNFCCC technical materials note that updated NAP guidance is being used to integrate these measures into costed implementation pathways and national monitoring systems[113].

Asia & the Pacific (including SIDS)

In Asia and the Pacific, NAPs frequently prioritize monsoon related early warning and flood management, coastal resilience (including NbS) approaches linking uplands to coasts, and, in mountain states, cryosphere risk management (notably GLOF early warning and downstream reservoir rules)[114,115]. Small Island Developing States (SIDS) embed chronic inundation planning, ecosystem restoration (reef and mangrove systems), and alignment with Loss and Damage interfaces within their NAPs/NDCs/Adaptation Communications, emphasizing institutions, targets, and indicative costs. UN ESCAP assessments and regional forums point to national priorities that combine coastal protection, all hazard warning coverage, and resilient public services, with NAPs functioning as the integrating vehicle. Development partners and knowledge platforms track these same emphases, noting that a growing set of Asia–Pacific countries have submitted NAPs and is revising them around coasts, water, cities and health[114].

Europe & Central Asia (ECA)

European and Central Asian adaptation strategies (and DRR assessments that interface with them) emphases on green and blue infrastructure in cities (for heat and cloudbursts), river and floodplain restoration (room for the river approaches), heath systems, risk informed land use, and updating standards/codes with sea level rise and heat in mind[116]. Increasing drought periods are also a major concern in the region, and NAPs highlight measures such as agricultural drought plans, efficient water reuse, and contingency planning to manage prolonged dry spells[117]. Policy briefs and EU guidance echo these live priorities, describing how Member States and municipalities are mainstreaming urban nature based measures and cooling/health actions as part of their national adaptation strategies and local plans. UNDRR's regional assessment further shows that national agendas increasingly address system interdependencies and aging grey assets, reinforcing the role of nature

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[111] UNDRR. (2024). Global status of multi-hazard early warning systems 2024. United Nations Office for Disaster Risk Reduction. https://www.undrr.org/reports/global-status-MHEWS-2024

[112] WMO. (2024). Global status of multi-hazard early warning systems 2024 (press summary). World Meteorological Organization. https://wmo.int/publication-series/global-status-of-multi-hazard-early-warning-systems-2024

[113] UNFCCC. (2025). Updated technical guidelines for the national adaptation plan process. Retrieved from https://unfccc.int/sites/default/files/resource/Draft_Updated_NAP_technical_guidelines_July_2025.pdf

[114] ESCAP. (2023). Asia-Pacific disaster report 2023: Seizing the moment—Targeting transformative disaster risk resilience. United Nations. https://digitallibrary.un.org/record/4016071

[115] Asia-Pacific Climate Change Adaptation Information Platform (AP-PLAT). (2025). Status of adaptation in the Asia-Pacific. https://ap-plat.nies.go.jp/adaptation_plan/status_of_adaptation/index.html

[116] European Commission. (2021). EU Adaptation Strategy: Climate action. Retrieved from https://climate.ec.europa.eu/eu-action/adaptation-and-resilience-climate-change/eu-adaptation-strategy_en

[117] United Nations Framework Convention on Climate Change (UNFCCC). (2024). Synthesis of National Adaptation Plans. UNFCCC Secretariat

positive and systemic measures within national strategies[118].

Latin America and the Caribbean(LAC)

Across LAC, national documents (NAPs, DRR strategies, and sector plans) emphasize tropical cyclone rainfall/surge early warning, urban drainage and watershed retrofits, NbS for coasts and hillslopes (mangroves, reefs, dunes; bioengineered slopes), and agricultural water efficiency; many plans also reflect human mobility and displacement as crosscutting adaptation concerns[119]. Urban adaptation agendas reference ecosystem based adaptation in cities and decision support for integrating NbS into municipal planning, complementing national priorities around flood, heat, and landslide risk. Country level NAP profiles in the region illustrate these themes—spanning integrated water resource management, coastal/marine ecosystems, health, and risk management, with large action menus and MEL provisions[120]. Regional thinktanks also note that governments are positioning NbS as a mainstream infrastructure option to deliver adaptation outcomes at scale, consistent with the priorities recorded in NAPs[121]

5.4. Strategic Rationale for the Selection of Three Thematic Focuses: Climate-Resilient Agriculture and Food Security, Nature-based Solutions, and Disaster Risk Reduction

The identification of the three thematic focuses is grounded in a robust, evidence-based assessment of global and national adaptation priorities. Across regions, countries consistently highlight the same clusters of vulnerabilities—food systems under climatic stress, degraded ecosystems reducing natural protection, and rising disaster risks that disproportionately affect the poorest and most marginalized. These priorities are reflected in National Adaptation Plans, DRR strategies, NDCs, and biodiversity frameworks, and are reinforced by experience from AFCIA 1, which demonstrated where catalytic finance can unlock the greatest additionality.

The AFCIA 1 portfolio showed a clear concentration of innovative solutions in these same areas: 82% (36 out of 44 grantees)[122] of supported solutions addressed food security, nature-based solutions, and disaster risk reduction, indicating strong demand, feasibility and relevance across contexts. Footsteps Bangladesh's DreamWater initiative (an AFCIA 1 grantee focused on disaster risk reduction) illustrates the role of catalytic capital in de-risking early-stage adaptation innovation within this thematic framing. AFCIA support enabled the footsteps' team to prototype and field-test a portable water filtration solution designed to convert surface and flood water into safe drinking water—directly relevant in a context where an estimated 68 million[123] people in Bangladesh lack safely managed drinking water.

In selecting climate-resilient food systems, nature-based solutions, and disaster risk reduction, AFCIA 2 aligns directly with these articulated needs and with the Adaptation Fund's mandate to support high-impact, locally led innovation. These thematic areas offer the strongest potential to generate scalable, equitable, and multi-

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[118] UNDRR. (2023). Regional Assessment Report on Disaster Risk Reduction 2023: Europe and Central Asia. Retrieved from https://www.undrr.org/rar/rar-2023-europe-and-central-asia

[119] World Resources Institute (WRI). (2021). Nature-based solutions in Latin America and the Caribbean: Regional status and priorities for growth. https://www.wri.org/research/nature-based-solutions-latin-america-and-caribbean-regional-status-and-priorities-growth

[120] Lucatello, S. (2025). Nature-based solutions to climate change adaptation and mitigation in Latin America and the Caribbean: An overview of projects and implementation. In Handbook of Nature-Based Solutions to Mitigation and Adaptation to Climate Change (pp. 447–468). Springer. https://doi.org/10.1007/978-3-031-34967-6_87

[121] Oliver, E., Ozment, S., Grunwaldt, A., Silva Zuniga, M. C., & Watson, G. (2021). Nature-based solutions in Latin America and the Caribbean: Support from the Inter-American Development Bank. Inter-American Development Bank. https://doi.org/10.18235/0003689

[122] AFCIA - Dashboard | UNDP Climate Change Adaptation. (2025). *Adaptation-undp.org*. Retrieved December 12, 2025, from

https://www.adaptation-undp.org/afcia/dashboard

[123] Selim, F. (2021, July 1). Billions of people will lack access to safe water, sanitation and hygiene in 2030 unless progress quadruples – warn WHO, UNICEF. www.unicef.org. Retrieved from https://www.unicef.org/bangladesh/en/press-releases/billions-people-will-lack-access-safe-water-sanitation-and-hygiene-2030-unless

benefit resilience outcomes—linking livelihoods, ecosystems, and risk reduction—while addressing the persistent barriers that prevent community organisations, MSMEs, and social enterprises from accessing finance. This strategic focus ensures that AFCIA 2 directs resources where demand is highest, vulnerability is deepest, and innovation can deliver systemic and sustained adaptation impact.

5.4.1. Climate-resilient food systems

Global assessments show an intensifying hydrological cycle—more extreme rainfall, longer dry spells, and compound hazards—creating systemic risks for water, food, health, and infrastructure (Intergovernmental Panel on Climate Change). Water and food systems are highly vulnerable: in 2022, half the world's population faced severe water scarcity and one-quarter experienced extremely high-water stress[124]. NAPs consistently prioritize water resources, agriculture, and DRR, with 58 developing countries submitting plans aligned to the Global Goal on Adaptation[125].

Adaptation potential includes measures for food production such as climate-smart agriculture (CSA) and integrated water management through rainwater harvesting, small-scale irrigation, and soil moisture conservation—combined with advisory services and finance. These are examples within a broader food system approach that also requires actions for storage, transport, processing, and market resilience[126,127] In Kenya, solar-powered irrigation pumps linked to farmer cooperatives have stabilized production during prolonged droughts[128]. In Ethiopia, community-based rainwater harvesting and small reservoirs have improved crop yields and reduced vulnerability to erratic rainfall[129]. In Bangladesh and Viet Nam, saline-tolerant rice varieties and controlled irrigation protect food security under sea-level rise[130]. In Peru, watershed restoration and aquifer recharge sustain dry season cropping[131].

Women farmers face disproportionate care burdens and limited access to productive resources, while small-scale producers earn less than half the income of larger farmers, leaving them highly exposed to climate shocks[132]. AFCIA 1 revealed strong demand for food security solutions— 43% of supported innovations targeted agriculture—and notably advanced gender-responsive approaches by prioritizing interventions for local women farmers. These solutions included sustainable agriculture practices, efficient water irrigation systems, and capacity-building programs designed to improve yields and resilience for women-led farming enterprises. However, AFCIA 1 also highlighted persistent gaps in follow-on finance and scalability, underscoring the need for AFCIA 2 to bridge these challenges and replicate successful models at scale.

Why AFCIA 2 focuses on Climate Resilient Food Systems?

Climate-resilient food systems are a core priority for AFCIA 2 because climate shocks are already undermining the water and agricultural systems that underpin lives, livelihoods, and fiscal stability in vulnerable countries.

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[124] Intergovernmental Panel on Climate Change (IPCC). (2023). Climate Change 2023: Synthesis Report. Geneva: IPCC. https://www.ipcc.ch/report/ar6/syr/

[125] UNFCCC. (2025). Updated technical guidelines for the national adaptation plan process. Least Developed Country Expert Group. Retrieved from https://unfccc.int/sites/default/files/resource/Draft_Updated_NAP_technical_guidelines_July_2025.pdf

[126] Food and Agriculture Organization of the United Nations (FAO) & United Nations Development Programme (UNDP). (2025). Agrifood systems in national adaptation plans – An analysis. Rome: FAO & New York: UNDP. https://doi.org/10.4060/cd7579en

[127] Intergovernmental Panel on Climate Change (IPCC). (2022). Climate Change 2022: Impacts, Adaptation and Vulnerability. Chapter 5: Food, Fibre and Other Ecosystem Products. Cambridge University Press. https://www.ipcc.ch/report/ar6/wg2/chapter/chapter-5/

[128] World Bank. (2023). Climate-smart agriculture and water management solutions. https://www.worldbank.org/en/topic/climate-smart-agriculture

[129] FAO. (2022). The State of Food Security and Nutrition in the World 2022. Rome: FAO. https://www.fao.org/publications

[130] UNFCCC. (2024). National Adaptation Plans: Status and progress. https://unfccc.int/topics/adaptation-and-resilience/workstreams/national-adaptation-plans

[131] Adaptation Fund. (2024). Strategic priorities and lessons learned from AFCIA 1. https://www.adaptation-fund.org

[132] UNDP. (2023). Gender and climate change: Intersectional approaches for resilience. https://www.undp.org/publications

Intensifying droughts, floods, salinisation, and heat stress are eroding yields, degrading soils and water resources, and driving food price volatility—risks that NAPs consistently rank among their highest adaptation priorities. These pressures fall hardest on small-scale producers, especially women farmers, who carry disproportionate care burdens, have weaker access to land, finance, and technology, and earn significantly less than larger producers, leaving them highly exposed to climate shocks.

AFCIA 2 responds by backing integrated, locally led solutions across the whole food system—from climate-smart production (e.g. CSA practices, drought- and salt-tolerant crops, and efficient water management) to storage, processing, transport, and market resilience. It builds directly on AFCIA 1, where 43% of supported innovations targeted agriculture and piloted gender-responsive models that improved yields and resilience for women-led and smallholder farmers. At the same time, AFCIA 1 highlighted persistent gaps in follow-on finance, market linkages, and scalability. AFCIA 2 is designed to close these gaps: deploying catalytic, blended finance and tailored technical assistance to take solutions to scale, strengthen value chains, and crowd in public and private capital. By focusing on climate-resilient food systems, AFCIA 2 advances the Adaptation Fund's mandate to protect the most vulnerable, safeguard food and water security, and deliver measurable, system-wide resilience outcomes aligned with national adaptation priorities and the Global Goal on Adaptation.

5.4.2. Nature-based Solutions (NbS)

Nature-based Solutions reduce flood, storm-surge, and heat risks while sustaining water regulation, food systems, and biodiversity co-benefits—exactly where the adaptation finance gap is widest[133]. Recent global finance assessments show that investment into nature must accelerate steeply by 2030, even as adaptation remains underfunded compared with mitigation[134]. For communities whose livelihoods depend on healthy ecosystems—forest-dwelling Indigenous Peoples, mountain villagers, and coastal fisherfolk—the stakes are immediate: when forests, wetlands, or coral reefs degrade, water supplies falter, food sources shrink, and natural buffers against hazards collapse, deepening poverty and risk[162]. Beyond coastal hazard reduction and fisheries, NbS deliver regulating services to utilities and hydropower. Upstream watershed protection safeguards drinking-water quality and flow regulation—New York City's Catskill–Delaware watershed is the classic case where long-term conservation and rural partnerships enabled filtration avoidance and reliable supply for ~9 million people[135,136]. In cities, green/blue infrastructure (urban trees, parks, wetlands) mitigates the urban heat island and reduces pluvial flooding, benefits that are often overlooked and should be integrated into broader planning frameworks (e.g., utility regulation, urban planning, NAPs/NDCs), Recent syntheses indicate urban trees can lower pedestrian-level temperatures by up to ~12 °C in specific contexts, with cooling efficacy shaped by tree traits, urban morphology, and background climate[137]. Green roofs consistently lower roof surface temperatures and can reduce nearby air temperatures and building cooling demand, offering district-scale benefits when deployed at scale[138]. Because these benefits are often overlooked in heat policy,

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[133] Global Center on Adaptation. (2024). State and trends in climate adaptation finance 2024. https://gca.org/reports/state-and-trends-in-climate-adaptation-finance-2024/

[134] United Nations Environment Programme. (2024b). State of finance for nature in cities 2024. https://www.unep.org/resources/report/grey-green-better-data-finance-nature-cities-state-finance-nature-cities-2024

[135] National Academies of Sciences: Review of the New York City Watershed Protection Program (2020) – filtration avoidance & watershed protection

[136] NYC DEP: About the Watershed – overview of Catskill–Delaware supply and protection program

[137] Li, H., Zhao, Y., Wang, C., Ürge-Vorsatz, D., Carmeliet, J., & Bardhan, R. (2024). Cooling efficacy of trees across cities is determined by background climate, urban morphology, and tree traits. Communications Earth & Environment, 5, Article 1908. https://doi.org/10.1038/s43247-024-01908-4

[138] United States Environmental Protection Agency. (2008). *Reducing urban heat islands: Compendium of strategies—Green roofs*. https://www.epa.gov/sites/default/files/2017-05/documents/reducing_urban_heat_islands_ch_3.pdf

NbS for cooling should be embedded in broader planning frameworks.

Country demand and policy momentum are strong. Governments are updating National Biodiversity Strategies and Action Plans (NBSAPs) to align with the Kunming-Montreal Global Biodiversity Framework, embedding restoration and resilience targets that anchor ecosystem-based adaptation and open pathways for nature-climate finance**Error! Bookmark not defined.**. Emerging guidance urges countries to braid priorities across NBSAPs, NAPs, and NDCs to avoid duplication and unlock finance at scale[139]. Beyond the biodiversity track, the European Union's Nature Restoration Law—now in force—sets binding restoration targets and anticipates financing measures, signaling to markets that restoration is moving from policy aspiration to regulated practice and lowering perceived policy risk for investors[140].

The evidence base for ecosystem-based adaptation benefits is now robust and practical. Mangroves, coral reefs, marshes, and floodplains act as natural shields, dissipating wave energy, reducing erosion, lowering flood damage, and protecting coastal livelihoods. On land, agroforestry and ridge-to-reef watershed restoration improve soil health, stabilize slopes, and store water, making farms and downstream communities more resilient to droughts and extreme rainfall[141]. Crucially, these benefits can be measured and valued with methods governments and investors trust. New guidance from the World Bank and the Global Facility for Disaster Reduction and Recovery (GFDRR)[142] sets out how to quantify both direct risk-reduction benefits and wider co-benefits such as biodiversity, water quality, recreation, and livelihoods. Real-world programs confirm the case: under UNDP's AFCIA 1, the silvo-fishery model in Indonesia pairs mangrove restoration with fish farming to curb coastal erosion and storm surge while creating food and income—an illustration of low-tech, locally led innovation that delivers protection and prosperity together.

Financing NbS requires blending public and private capital because many benefits (flood protection, cooling, water regulation) are public goods that don't always yield direct cash returns., at the same time ecosystem services are systematically under-valued or unpriced in markets—so incentives to pay for protection are missing. A practical sequencing has emerged: start with public and concessional funds to establish the basics—clear tenure and land rights, local capacity, and technical support—then layer instruments such as low-interest loans, guarantees, and performance-based grants to mobilize private investment once risks are better understood and revenue logic is clearer[143][144]. While NbS for resilience currently receive a small slice of climate finance relative to energy and transport, the gap represents opportunity. In 2018, public funding for NbS for adaptation was only 0.6–1.4% of total climate finance and 1.5–3.4% of public climate finance, with private flows minimal[145]. More recently, adaptation overall accounted for just approximately 5% of global climate finance in 2021–2022, so NbS sit within a still-small adaptation envelope—a gap that is an opportunity to scale[146]. Across all NbS, financing reached about USD 200 billion in 2022, ~37% of what's needed by 2030, underscoring room

[139] WWF, GIZ, & IISD. (2024). Effectively delivering on climate and nature: NDCs, NAPs and NBSAPs synergies—A checklist for national policymakers. https://wwfint.awsassets.panda.org/downloads/giz-iisd-wwf-report--_1.pdf

[140] European Commission. (2024). Regulation (EU) 2024/1991 on nature restoration and amending Regulation (EU) 2022/869. Official Journal of the European Union. https://eur-lex.europa.eu/eli/reg/2024/1991/oj/eng

[141] World Bank. (2023). Assessing the benefits and costs of nature-based solutions for climate resilience: A guideline for project developers. https://www.worldbank.org/en/news/feature/2023/05/22/assessing-the-benefits-and-costs-of-nature-based-solutions-for-climate-resilience-a-guideline-for-project-developers

[142] Global Facility for Disaster Reduction and Recovery. (2024). Assessing the benefits and costs of nature-based solutions for climate resilience: A guideline for project developers. World Bank. https://www.gfdrr.org/en/feature-story/assessing-benefits-and-costs-nature-based-solutions

[143] Convergence. (2024). State of blended finance 2024. https://www.convergence.finance/resource/state-of-blended-finance-2024/view

[144] Climate Policy Initiative. (2024). Toolbox on financing nature-based solutions. https://www.climatepolicyinitiative.org/publication/toolbox-on-financing-nature-based-solutions/

[145] Swann, S., Blandford, L., Cheng, S., Cook, J., Miller, A., & Barr, R. (2021). Public international funding of nature-based solutions for adaptation: A landscape assessment (Working Paper). World Resources Institute. https://doi.org/10.46830/wriwp.20.00065

[146] Global Center on Adaptation, & Climate Policy Initiative. (2024). State and trends in climate adaptation finance 2024. https://gca.org/wp-content/uploads/2024/04/State-and-Trends-in-Climate-Adaptation-Finance-2024.pdf

to grow[147] . While NbS for resilience receive a small slice of climate finance relative to energy and transport, the gap represents opportunity. In 2018, public funding for NbS for adaptation was only 0.6–1.4% of total climate finance and 1.5–3.4% of public climate finance, with private flows minimal[148]. More recently, adaptation overall accounted for just approximately 5% of global climate finance in 2021–2022, so NbS sit within a still-small adaptation envelope—a gap that is an opportunity to scale[149]. Across all NbS, financing reached about USD 200 billion in 2022, ~37% of what's needed by 2030, underscoring room to grow[150] .Viable models include paying communities for ecosystem services, issuing verified (high-integrity) carbon credits where science and policy allow, and developing insurance-linked facilities so restored reefs or mangroves can be rapidly rehabilitated after storms—keeping protective value intact while channeling resources to local stewards[151].

The urgency to finance NbS is both fiscal and developmental. UNEP's latest State of Finance for Nature shows annual investment in nature must rise from roughly US$200 billion to about US$542 billion by 2030, with restoration finance needing to quadruple[152]. At the project level, the economics are compelling when co-benefits are counted properly: casework on urban wetlands and national-scale mangrove analyses demonstrate strong net benefits once avoided losses, fisheries, tourism, and carbon storage are included—a logic that resonates with treasuries balancing resilience with growth[153]. At the same time, adaptation remains the weak link in climate finance, and NbS offer a cost-effective way to address multiple risks with one investment[133]. To move from evidence to scale, the Global EbA Fund is providing rapid seed funding (≈ US$50k–250k; up to US$500k) for innovative EbA pilots—including nature based- insurance facilities and urban/coastal demonstration projects—that can be taken forward by multilateral funds and private investors for creating pipelines for larger pubic and private finance[154].

NbS also address stubborn systemic challenges. They counter fragmented ecosystems, land-use conflicts, and "grey-only" infrastructure biases by mainstreaming hybrid standards and valuing multiple benefits—risk reduction, biodiversity, and livelihoods—in appraisal and monitoring. Because governance and tenure barriers often limit adoption, integrated planning across agriculture, forestry, water, and urban systems is essential, alongside mechanisms such as payment for ecosystem services and high-integrity blue-carbon credits to channel finance to community-led restoration in an equitable way[144].

The approach is already visible across regions. In Small Island Developing States and Latin America, restoring mangroves and reefs reduces cyclone surge and coastal flooding while sustaining fisheries and tourism; new

[147] United Nations Environment Programme. (2023). State of finance for nature: The big nature turnaround—Repurposing $7 trillion to combat nature loss. https://doi.org/10.59117/20.500.11822/44278

[148] Swann, S., Blandford, L., Cheng, S., Cook, J., Miller, A., & Barr, R. (2021). Public international funding of nature-based solutions for adaptation: A landscape assessment (Working Paper). World Resources Institute. https://doi.org/10.46830/wriwp.20.00065

[149] Global Center on Adaptation, & Climate Policy Initiative. (2024). State and trends in climate adaptation finance 2024. https://gca.org/wp-content/uploads/2024/04/State-and-Trends-in-Climate-Adaptation-Finance-2024.pdf

[150] United Nations Environment Programme. (2023). State of finance for nature: The big nature turnaround—Repurposing $7 trillion to combat nature loss. https://doi.org/10.59117/20.500.11822/44278

[151] High Level Panel for a Sustainable Ocean Economy. (2023). The blue carbon handbook: Blue carbon as a nature-based solution for climate action and sustainable development. https://oceanpanel.org/wp-content/uploads/2023/06/Ocean_Panel_Blue_Carbon_Handbook-1.pdf

[152] United Nations Environment Programme. (2024a). State of finance for nature—Restoration finance report. https://www.unep.org/resources/report/state-finance-nature-restoration-finance-report

[153] World Bank. (2022). The economics of large-scale mangrove conservation and restoration in Indonesia. https://www.worldbank.org/en/country/indonesia/publication/the-economics-of-large-scale-mangrove-conservation-and-restoration-in-indonesia

[154] Nature-Based Risk Reduction & Insurance Facility (global): developing ecosystem-linked and parametric covers for climate risks—an EbA-aligned pathway to crowd-in insurance and blended finance (Global EbA Fund—Projects; Insurance Development Forum parametric case studies).

cost-benefit work in the Wider Caribbean is informing insurance-linked restoration and risk finance[155]. In Asia, ridge-to-reef restoration links upstream glacier-lake outburst flood reduction to downstream water security and soil stabilization, while silvo-fishery models in Indonesia combine aquaculture with mangrove planting to protect coasts and diversify incomes[156][157]. In Eastern Europe and the Middle East and North Africa, green-blue retrofits—urban wetlands, permeable surfaces, and tree corridors—are deployed alongside grey systems to mitigate pluvial flooding and urban heat, with rapid opportunity-scanning tools helping identify investable NbS early in the project cycle[142][158].

Why AFCIA 2 focuses on Nature Based Solutions?

AFCIA 2 makes NbS a priority because they are one of the most effective ways to reduce climate risks while also improving people's lives. NbS protect communities from floods, storms, and heat, and at the same time support food, water, and biodiversity. They are especially important because funding for these solutions is still very low compared to what is needed.

NbS also fit perfectly with the Adaptation Fund's goals of supporting projects that are locally led, innovative, and focused on learning. Countries are already creating strong policies for ecosystem restoration, and global agreements like the Global Biodiversity Framework and national adaptation plans provide a clear foundation for action. Today, we also have better tools to measure the benefits of NbS and show their value to governments and investors.

Financing models are improving too. By combining public and private funds, NbS projects can attract more investment and scale up. Most importantly, NbS put communities and nature at the center. They protect lives and livelihoods now and help build long-term resilience. For AFCIA 2, this means investing in solutions that deliver clear results, offer good value for money, and can be replicated in many places.

5.4.3. Disaster Risk Reduction (DRR) – Prevention and Recovery

Climate-related disasters are becoming more frequent and severe, and the trend is accelerating. The UN Office for Disaster Risk Reduction reports that climate disasters have nearly doubled in the last two decades. A warmer atmosphere fuels stronger cyclones, floods, and droughts: every 1°C of warming can increase extreme rainfall by about 7% and make the most violent hurricanes up to twice as frequent. Heatwaves—already killing hundreds annually—are lasting longer and starting earlier; by the end of the century, heat stress could affect 1.2 billion people each year[159].

Recent years illustrate the scale of the problem. According to Centre for Research on the Epidemiology of Disasters Emergency Events Database (EM-DAT), 2023-2024 recorded as high-impact years, with 399

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[155] The Nature Conservancy. (2022). Reducing Caribbean risk: Opportunities for cost-effective mangrove restoration and insurance.

[156] World Bank. (2023). Assessing the benefits and costs of nature-based solutions for climate resilience: A guideline for project developers. https://www.worldbank.org/en/news/feature/2023/05/22/assessing-the-benefits-and-costs-of-nature-based-solutions-for-climate-resilience-a-guideline-for-project-developers

[157] UNDP. (2025). AFCIA Phase I: Lessons from NbS pilots. UNDP Adaptation Innovation Marketplace. https://adaptation-undp.org

[158] National Oceanic and Atmospheric Administration/National Centers for Coastal Ocean Science. (2025). Evaluating the performance of nature-based solutions. https://coastalscience.noaa.gov/project/evaluating-nature-based-solution-performance/

[159] United Nations Office for Disaster Risk Reduction (UNDRR). (2015). Sendai Framework for Disaster Risk Reduction 2015–2030. United Nations. Retrieved from https://www.undrr.org/publication/sendai-framework-disaster-risk-reduction-2015-2030

disasters causing between US$202 and US$242 billion[160]. UNDRR's Global Assessment Report estimates that when indirect and ecosystem losses are included, the true annual cost exceeds US$2.3 trillion—making a decisive case for prevention and resilient recovery rather than reactive response[161].

The burden of these disasters falls hardest on poor and marginalized groups. Urban slum dwellers living on floodplains or steep hillsides, remote rural villagers cut off during disasters, and island residents exposed to cyclones have minimal coping capacity. By 2050, 1.6 billion people in 970 cities will face extreme heat regularly, and 800 million will be vulnerable to coastal flooding. In Least Developed Countries and Small Island Developing States, these risks are most severe. Displaced and conflict-affected communities—such as refugees and informal camps—are also highly exposed. Rapid urbanization without planning leaves low-income neighborhoods especially vulnerable, compounding the risks for those already struggling with poverty and limited access to services[162][163].

Global policy frameworks recognize these challenges. The Sendai Framework for Disaster Risk Reduction sets prevention and "Build Back Better" as core priorities. Its midterm review calls for scaled, risk-informed public investment and broader early warning coverage—gaps that remain most acute in vulnerable countries. Regional assessments emphasize the need for green and blue infrastructure and systemic risk governance, particularly in rapidly growing cities where exposure is rising fastest[164].

Practical solutions exist and have proven effective. Disaster risk reduction measures such as early warning systems, resilient infrastructure, and preparedness save lives. Improved forecasting and local alert networks have already reduced casualties during recent Pacific cyclones. Impact-based forecasting combines hazard data with vulnerability mapping to trigger timely alerts and evacuation. Ecosystem-based approaches, such as wetlands for flood control, complement nature-based solutions and provide co-benefits for water and food security. Yet funding remains skewed toward post-disaster relief rather than anticipatory resilience, leaving communities exposed to repeated shocks[165].

To change this, climate and disaster planning must be integrated and localized. Civic organizations and communities should lead hazard mapping and contingency planning. Investments in disaster insurance, contingency funds, and "Build Back Better" design can reduce future losses. Risk-layered financing—combining contingency funds, parametric insurance, and adaptive social protection—offers scalable models for resilience. These priorities align with the Adaptation Fund's Strategic Priorities, Policies, and Guidelines[166], which emphasize consistency with national adaptation plans and disaster risk reduction strategies, as well as robust monitoring and evaluation. Lessons from AFCIA 1 demonstrate what works: impact-based early warning systems, community shelter upgrades, and risk-finance pilots that now need standardization and scale-up.

A prevention-first approach also addresses systemic inequities. Women, migrants, and residents of informal

[160] Centre for Research on the Epidemiology of Disasters. (1988–2025). EM-DAT: The international disaster database. Université catholique de Louvain. Retrieved November 19, 2025, from https://www.emdat.be/

[161] United Nations Office for Disaster Risk Reduction (UNDRR). (2015). Sendai Framework for Disaster Risk Reduction 2015–2030. United Nations. Retrieved from https://www.undrr.org/publication/sendai-framework-disaster-risk-reduction-2015-2030

[162] Intergovernmental Panel on Climate Change (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 et al., Eds.). Cambridge University Press. https://doi.org/10.1017/9781009325844 [unctad.org]

[163] United Nations Office for Disaster Risk Reduction (UNDRR). (2023a). Report of the Midterm Review of the Implementation of the Sendai Framework for Disaster Risk Reduction 2015–2030. UNDRR. https://sendaiframework-mtr.undrr.org/publication/midterm-review-2023-working-towards-achievement-sendai-priorities-and-targets [iisd.org]

[164] United Nations General Assembly (UNGA). (2023). Main findings and recommendations of the midterm review of the implementation of the Sendai Framework for Disaster Risk Reduction 2015–2030 (A/77/640). United Nations. https://digitallibrary.un.org/record/4000994 [iisd.org]

[165] United Nations Office for Disaster Risk Reduction (UNDRR). (2024). Climate action and disaster risk reduction. UNDRR. https://www.undrr.org/implementing-sendai-framework/drr-focus-areas/climate-action-and-disaster-risk-reduction [wri.org]

[166] Adaptation Fund. (2022). Strategic priorities, policies, and guidelines (Amended October 2022). Adaptation Fund Board. https://www.adaptation-fund.org/apply-funding/policies-guidelines/

settlements often face the greatest exposure and the slowest recovery. Bridging these gaps is central to AFCIA 2 goals: solutions must explicitly benefit those with the greatest need and draw on Indigenous and local knowledge to ensure justice and inclusion.

Across regions, examples show what proactive resilience looks like. In Asia, impact-based forecasting for cyclones integrates rainfall and surge data with community alerts and shelter upgrades. In Africa and the Middle East and North Africa, flash flood risk reduction focuses on wadis and informal settlements through drainage improvements and early warning systems. In Eastern Europe and Central Asia, heat-health systems and wildfire risk reduction combine with risk-informed land-use planning to protect vulnerable populations. These cases demonstrate that disaster risk reduction is not just about responding to crises—it is about anticipating them, reducing losses, and safeguarding lives and livelihoods in a changing climate[163165].

Why AFCIA 2 focuses on Disaster Risk Reduction (DRR) and Recovery?

DRR is a cornerstone of climate adaptation because climate-driven hazards—cyclones, floods, droughts, heatwaves—are increasing in frequency and severity, causing losses that erase decades of development gains[162165]. Vulnerable groups, especially women, migrants, and informal urban communities, bear the brunt of these shocks. The Adaptation Fund's Strategic Priorities, Policies, and Guidelines (SPPG) explicitly call for risk-informed planning, prevention-first approaches, and "Build Back Better" principles aligned with the Sendai Framework for Disaster Risk Reduction. AFCIA 2 operationalizes these priorities by financing locally led, innovative DRR solutions that move beyond reactive relief toward anticipatory resilience. This includes impact-based early warning systems, community-driven hazard mapping, risk-informed urban planning, and risk-layered financing models such as parametric insurance. By embedding equity and Indigenous knowledge in design, AFCIA 2 ensures that those most at risk shape the solutions. Investing in DRR under AFCIA 2 is not only about saving lives—it is about reducing long-term costs, protecting livelihoods, and delivering measurable adaptation impact in line with the Adaptation Fund's mandate to scale resilience where it is needed most.

Summary of systemic barriers to climate adaptation and innovation

- **Fragmented governance and weak institutions**
    - Climate risks are not consistently translated from NDCs/NAPs into bankable, locally grounded pipelines due to fragmented governance, limited institutional capacity and siloed sector planning.
    - Short project cycles and weak monitoring, evaluation, and learning systems constrain learning, replication and long-term impact.
- **Adaptation finance gap and skewed allocation**
    - Adaptation receives only a small share of total climate finance, with a large and growing gap between needs and actual flows.
    - LDCs, SIDS, fragile and conflict-affected states, and the most climate-affected countries capture only a marginal share of adaptation resources.
    - Risk-averse funding modalities, rigid eligibility criteria and limited risk-sharing mechanisms discourage responsible risk-taking and innovation.
- **The "missing middle" in adaptation finance**
    - Community-based organizations, MSMEs and social enterprises are too large for micro-grants, too early-stage for commercial capital and often considered too "unconventional" for traditional development finance.
    - Promising locally led innovations struggle to move from idea and pilot to replication and scale because flexible, risk-tolerant capital is scarce.
- **Innovation readiness and ecosystem weaknesses**
    - Dedicated funding for adaptation innovation is limited; most climate finance targets conventional projects or mitigation
    - High perceived risk and early-stage costs create a "valley of death" for adaptation solutions, with a second valley between successful pilots and scale-up.

- - o Weak ecosystems (incubators, accelerators, applied research, business development services) and cautious local financial institutions limit support for climate-relevant SMEs and community innovators.
  - **Information, visibility and knowledge gaps**
    - o Local actors often lack information about available support windows and how to access them, leading to under-utilization of existing mechanisms.
    - o Indigenous, community and gender-responsive knowledge is frequently undervalued or excluded from formal planning, reducing the relevance and ownership of interventions.
  - **Structural inequities in who adapts and who decides**
    - o Women, youth, indigenous peoples, Afro-descendant and ethnic minorities, persons with disabilities, migrants and the urban poor face higher exposure and lower adaptive capacity due to structural inequalities in land, finance, information and decision-making.
    - o Locally led adaptation principles are not yet consistently operationalized, and marginalized groups remain under-represented in the design, governance and financing of adaptation solutions.
  - **Biases in infrastructure and policy frameworks**
    - o "Grey-only" infrastructure biases, land-use conflicts and unclear tenure arrangements limit the uptake and financing of nature-based and hybrid solutions.
    - o Policy and regulatory frameworks across climate, biodiversity, DRR and finance are often misaligned, slowing integrated, risk-informed and nature-positive investment.

AFCIA 2: Targeted Response to the Adaptation Innovation Challenges

Against the above contexts, AFCIA 2 directly confronts the above mentioned systemic barriers. It is designed to close the "missing middle" in adaptation innovation—where community organizations, MSMEs, social enterprises, and other nontraditional actors are best placed to deliver locally led, context specific solutions but remain underserved by conventional finance and support systems. The project approach aligns finance, pipeline preparation, ecosystem capacity, and inclusion to accelerate scalable adaptation outcomes.

Building on key lessons from AFCIA 1, three design lessons that underpin the need for AFCIA 2 are as follow

A) Narrower thematic priorities , deeper KM, peer learning, and ecosystem connections

AFCIA 2 will narrow thematic priorities to enable deeper, higher-quality knowledge management, structured peer-to-peer learning, and more targeted engagement with policy and investor ecosystems. This focus responds to AFCIA 1 learning that peer learning, knowledge partnerships, and visibility platforms are powerful drivers of adoption and influence—yet require deliberate thematic clustering to generate reusable evidence and scalable pathways

B) Larger grants plus longer implementation periods help real scaling (not just pilots)

AFCIA 2 will increase grant size and extend implementation periods to match the real-world time needed for iteration, institutional strengthening, and scale. This responds directly to AFCIA 1 learning that innovation requires adaptive management and longer, sequenced support—without which promising solutions struggle to move beyond pilot stage or sustain momentum beyond a short grant cycle.

C) Working with MSMEs bridges the "missing middle" and unlocks blended finance pathways.

AFCIA 2 will more deliberately include MSMEs and hybrid models to address the early-stage finance gap identified in AFCIA 1 and to create credible pathways from grant support to blended finance. By pairing larger, staged support with investment readiness, market access facilitation, and structured investment brokering, AFCIA 2 targets the specific barriers that limited follow-on capital mobilization under AFCIA 1.

for consolidated and summarized lesson learned detail in **Annex 1**, AFCIA 2 will accelerate and promote the replication and integration of impactful solutions into broader adaptation, innovation and financial systems. Its

goal is faster, more equitable progress toward climate resilience—empowering vulnerable communities not just to adapt, but to lead in their adaptation efforts. Based on extensive research and evidence, the project will focus on three thematic areas: climate-resilient food systems, nature-based solutions, and disaster risk reduction and prevention, which are priorities frequently emphasized in NAPs, DRR strategies, and sectorial plans across geographies.

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-potential[167] 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, including non-for-profit entities and micro, small and medium enterprises (MSMEs), are identified and supported with catalytic finance and technical assistance, improving their readiness for scale and alignment with national adaptation priorities (NAPs/NDCs).
- **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.
- **Outcome 3:** Evidence and learning from supported adaptation innovations are leveraged to inform replication/scaling pathways, policy programmes, and impact investment practices through strategic partnerships, regional platforms, and global knowledge networks, accelerating inclusive and market-oriented adaptation solutions.

By supporting locally led adaptation innovations and aligning interventions with National Adaptation Plans (NAPs) and Nationally Determined Contributions (NDCs), AFCIA 2 addresses critical gaps in adaptation finance and capacity while delivering context specific, concrete actions that strengthen resilience at both community and national levels. This approach ensures that the project directly responds to the Adaptation Fund's eligibility criteria, which prioritize developing country Parties to the Kyoto Protocol or the Paris Agreement that are particularly vulnerable to the adverse effects of climate change, including low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems. By focusing on vulnerable developing countries and supporting alignment with their NDCs, the project targets countries that are Parties to the Paris Agreement, ensuring full compliance with the Fund's requirements.

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[167] High potential grantees will be selected utilizing the following criteria : 1) they address specific climate risks; 2) they are led by 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"; 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.

Overarching Development Outcome

This project adopts a holistic ecosystem-building approach to strengthen climate resilience at local and regional levels. By integrating innovation, inclusion, and knowledge-sharing, the project aims to catalyze sustainable, community-driven adaptation. The main project approach is described as follows:

1. Pilot Locally Led Adaptation Technologies and Practices

Objective: Empower communities to test and scale context-specific adaptation solutions.

Could be achieved through:

- Support solutions across all three thematic areas—climate-resilient food systems, nature-based solutions, and disaster risk reduction and recovery. This includes both technological and non-technological innovations such as climate-smart agriculture; local early warning and preparedness systems; community-led ecosystem restoration; and digital, financial, or market-linkage solutions (e.g., blockchain traceability, aggregation platforms, climate-risk analytics) that strengthen adaptive capacities and improve resilience outcomes. While AFCIA 2 will priorities scaling solutions with demonstrated effectiveness, it will also reserve a portion of resources for a carefully selected portfolio of very early-stage, Unlike AFCIA 1, these pilots innovations will be supported through a structured stage- gated pathway (readiness criteria, evidence requirements and support pathway) combining catalytic grants, tailored technical assistance, and explicit evidence and readiness criteria—to deliberately de-risk models, generate reusable learning within priority themes and build a future pipeline of investment-ready adaptation solutions.
- Facilitate participatory design processes to ensure solutions are culturally appropriate and locally owned.
- Monitor and evaluate pilot outcomes to inform broader replication.

Impact: Builds local capacity, enhances community ownership, and ensures solutions are grounded in real-world needs.

2. Incubate and Accelerate CSOs, NGOs, MSMEs, and Cooperatives

Objective: Strengthen the innovation ecosystem by supporting grassroots and entrepreneurial actors.

Could be achieved through:

- Provide performance-based catalytic grants coupled with tailored, demand-led technical assistance rather than a one-size-fits-all package—starting with an 8–10 week Learning Sprint (Monitoring, Evaluation, and Reporting, gender, business basics, unit economics, data systems), then providing bespoke, year-round PMU and MBA/EMBA fellow support on sectoral, financial, business development and organizational priorities, complemented by peer learning, replication tools, and investor introductions to crowd in follow-on capital.
- Establish innovation hubs or accelerators focused on climate-smart technologies and services.
- Foster partnerships between civil society, private sector, and academia.

Impact: Drives local economic development, creates green jobs, and scales innovative adaptation solutions.

3. Create Global Knowledge Platforms

Objective: Facilitate peer learning and replication of successful adaptation strategies.

Could be achieved through:

- Develop digital and in-person platforms for sharing case studies, tools, and lessons learned combining a dashboard and a dedicated website section—to share curated case studies, tools, lessons learned, and key highlights, with structured filters and short guidance notes that help MSMEs/SMEs and CSOs identify relevant approaches and next-step resources.
- Organize regional/thematic discussions, workshops, and exchange visits.
- Promote open-access knowledge products and policy briefs.

Impact: Enhances regional cooperation, reduces duplication of efforts, and accelerates the spread of effective practices.

4. Ensure Inclusive Innovation

Objective: Prioritize equity and inclusion in all project components.

Could be achieved through:

- Design targeted approaches for women, youth, people with disabilities, Indigenous Peoples, and other marginalized groups.
- Support leadership development and capacity-building for underrepresented stakeholders.
- Apply gender and social inclusion lenses in project design, implementation, and evaluation.

Impact: Promotes social equity, strengthens community cohesion, and ensures that adaptation benefits reach the most vulnerable.

AFCIA 2 four core principles

Lessons learnt and knowledge obtained from AFCIA 1 will be used as the base to design AFCIA 2, maintaining relatively large grants amounts per grantees (from 40,000 USD up to 200,000 USD), a longer period of technical assistance (between 24 to 36 months), strong emphasis in the scaling and replication of the solutions, and strengthening the linkages with broader adaptation, innovation and finance ecosystems. The project will mainly support capable, locally rooted organizations in the "missing middle" that have demonstrated potential to scale context-relevant adaptation innovations and drive systemic impact, while also supporting a selective high-potential pilot solutions that can be further tested, refined, and prepared for future scale.

Sectoral and Thematic Focus for Synergistic Impact: To maximize coherence, cross-learning, and scaling potential, AFCIA 2 will prioritize three 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 and recovery. 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 while enhancing adaptive capacity and

improving livelihoods—an approach strongly endorsed by institutions such as UNEP and IUCN.[168] Disaster risk reduction and recovery, guided by the Sendai Framework, remains essential for protecting lives, assets, and development gains in the face of intensifying climate hazards.[169]

While other thematic areas—such as health, urban infrastructure, or energy—were considered, they were not prioritized 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.

Strategic Country Engagement with Multi-Grantee Clustering: The PMU's experience under AFCIA 1 showed that spreading limited resources across geographies (33 countries) and a wide range of sectors—often with only a single grantee per country—stretched support too thinly, reduced the effectiveness of technical assistance, and limited opportunities for clustering, peer learning, and systemic influence. In response, AFCIA 2 will adopt a more focused approach by concentrating resources in specific geographic and thematic 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 Central Asia, (ii) based on the proposals received prioritize support to the countries where a strong pipeline of high-quality applications emerges, based on grantee readiness, demand, technical assistance effectiveness, and consistency with nationally articulated climate and development priorities, including commitments under the Paris Agreement (iii) Support 2–3 high-capacity grantees per selected country (if possible).

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 MIEs, RIEs and NIEs for further promotion. 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 project 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 ecosystems.[170] This model promotes cost-effective delivery and supports country-specific scaling pathways, while maintaining flexibility to adapt to regional dynamics and levels of demand, in alignment with the Adaptation Fund's eligibility criteria by focusing on particularly vulnerable developing country Parties to the Kyoto Protocol or the Paris Agreement and supporting interventions that reinforce national adaptation priorities under the Paris Agreement and their NDCs.

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

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

170 Local networks and platforms like the Small Grants Programme (GEF SGP), the BOOST Impact Acceleration Programme, the TADAMON NGO Empowerment Programme, UNDP Accelerator Labs, Youth Co:Lab, the Climate Venture Scaler, and other Country Office adaptation for innovation ecosystems.

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 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 over 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, Pacific Community (SPC)) and other Large Innovation Grant Projects led by accredited AF-NIEs. These platforms will be used to: share evidence, case studies, and toolkits; facilitate south-south learning and replication; influence national and global adaptation policies and finance flows.

Project / Programme Components and Financing:

Project/Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (US$)
1. Catalytic grants to implement and accelerate innovative adaptation solutions with potential to scale	**Outcome 1:** High potential, locally led adaptation innovations, including non-for-profit entities and micro, small and medium enterprises (MSMEs), are identified and supported with catalytic finance and technical assistance, improving their readiness for scale and alignment with national adaptation priorities (NAPs/NDCs).	Output 1.1: 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. Output 1.2: Selected innovations receive catalytic grants and tailored technical support to strengthen operational, financial, and 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.	Multi-regional Project	7,137,709
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 finance 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, thematic support on adaptation approaches, gender-responsive design, MEL systems, financial planning, and safeguard risk management. Output 2.2: Adaptation innovators are supported to identify and	Multi-regional Project	2,987,994

		access suitable financing pathways, including private commercial, concessional, blended, and public-private mechanisms through leading business school and investors partners.		
3. Knowledge, Learning, and Strategic MEL to drive innovation for adaptation, scaling pathways and inform government programs.	**Outcome 3:** Evidence and learning from supported adaptation innovations are leveraged to inform replication/scaling pathways, policy programmes, and impact investment practices through strategic partnerships, regional platforms, and global knowledge networks, accelerating inclusive and market-oriented adaptation solutions.	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 peers, government partners, investors, and adaptation practitioners. Output 3.2: Annual peer learning events, global webinars, and cross-country exchanges are organized to promote south-south and south-north collaboration, uptake of good practices, and cross-sectoral learning among innovators, governments, investors, and UNDP partners.	Multi-regional Project	3,101,571
6. Project/Programme Execution cost (3%)				409,090
7. Total Project/Programme Cost				13,636,364
8. Project/Programme Cycle Management Fee charged by the Implementing Entity (10%)				1,363,636
Amount of Financing Requested				**15,000,000**

Project Duration: *5 Years*

Projected Calendar:

Milestones	Expected Dates
Start of Project Implementation	30 May 2026
Mid-term Evaluation	1 March 2029
Project Closing	01 July 2031
Terminal Evaluation	30 Dec 2030

PART II: PROJECT / PROGRAMME JUSTIFICATION

Project Components and Contribution to Climate Resilience

The project will be strategically anchored under the UNDP-led Adaptation Innovation Marketplace (AIM), a flagship initiative launched in 2021 to help countries overcome barriers in developing and implementing innovative climate adaptation solutions. AIM supports access to both finance and technical assistance and operates as a Flagship Initiative of UNDP's Climate Promise, the umbrella framework through which UNDP assists developing countries in achieving their Nationally Determined Contributions (NDCs) and delivering on the Paris Agreement goals

With initial support from the Adaptation Fund, the Global Environment Facility (GEF), and the European Union, AIM has empowered civil society organizations, social enterprises, and particularly women and youth, to scale up technologies, practices, and business models that strengthen local resilience. Beyond catalytic grant-making, AIM provides enterprise development support, technical mentoring, tailored advisory services, and connections to investors and global partners who can accelerate scaling and replication.

Positioning AFCIA 2 within AIM builds on these foundations by leveraging established partnerships, operational systems, and the lessons generated through the AFCIA 1 project (funded by the Adaptation Fund and the European Union), the Resilience for Peace and Stability, Food and Water Security Innovation Grant Programme (funded by GEF- already closed), and a recent Large Innovation project approved by the Adaptation Fund in four Western Balkans (Montenegro, North Macedonia, Serbia and Bosnia Herzegovina). This alignment also enhances the visibility and impact of AFCIA 2 within the broader Climate Promise framework, facilitating stronger collaboration across regions and sectors.

Anchoring the project within AIM ensures that portfolio-level evidence, investor engagement, and policy linkages are consolidated within an existing global mechanism rather than created in isolation.This integrated approach enables locally led adaptation solutions to scale more effectively, promotes replication in contexts facing similar climate risks, and supports countries in navigating coherent knowledge and finance ecosystems that align with their national adaptation priorities (NAPs/NDCs) , Technology Needs Assessments (TNAs) and Technology Action Plans (TAPs). By consolidating learning and evidence across multiple countries, the project fosters a multi-regional environment in which concrete adaptation interventions developed in one context can be adapted, transferred, and replicated elsewhere. This creates clear added value beyond stand-alone country projects, strengthening cross-regional learning and expanding the reach and impact of the adaptation solutions.

Theory of Change

Project Objective:

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

Outcome Pathways:

Outcome 1: High potential locally led adaptation innovations are identified and supported for scale.

> **If** high-potential, locally led and adaptation innovations are identified through a global, inclusive, and demand-driven process **and** supported with catalytic grants (for NGOs/CSOs and MSMEs) plus

technical assistance,

Then they will demonstrate operational, financial, and impact readiness for scale and alignment with national adaptation priorities (NAPs/NDCs).

Outcome 2: Supported innovations achieve investment readiness and are integrated into adaptation finance ecosystems

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

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

Outcome 3: Evidence and learning informed replication, government programmes, and investment practices.

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

Then this knowledge will inform replication, government programmes, 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 catalyze a shift in how adaptation is financed, implemented, and valued—positioning innovation as a systemic enabler of climate resilience.

By supporting locally led adaptation activities across multiple countries in one coherent portfolio, the project achieves a compounded resilience effect: each site strengthens its own community, while insights from across the portfolio reinforce system-level resilience, generating enabling conditions that facilitate scale and replication.

To achieve the project'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 and Selection of High-potential Innovative Adaptation Solutions;
(2) Aggregated Technical and Business Development Support Facility;
(3) Knowledge Generation, Learning and Results Aggregation Facility;
(4) Project Execution and Grant Administration and Management.

All the funding windows under the UNDP's AIM follow a similar functions structure.
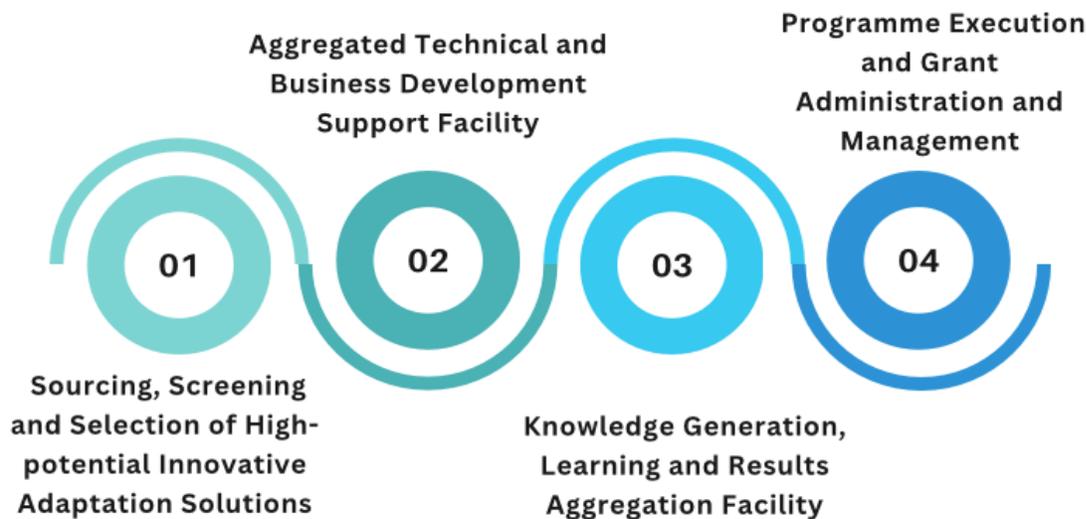
(Figure 1: Major Functions of AFCIA 2 Global Project.)

The four main functions are described as following briefly:

Function 1: Sourcing, Screening and Selection of High-potential Innovative Adaptation Solutions: The project will support adaptation innovations with demonstrated results and high scaling potential, including promising pilot solutions through catalytic grants from 40,000 USD up to 200,000 USD). 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 26 high-potential adaptation innovations led by CSOs, NGOs, and MSMEs in key sectors such as climate-resilient food systems, nature-based solutions[171] and disaster risk reduction, with the objective of building resilience and creating social, environmental and governance impact in the targeted communities. Interventions that reduce exposure to climate hazards, restore critical ecosystem functions, safeguard livelihoods, and strengthen the ability of communities to anticipate, withstand, and recover from climate-induced shocks will make a direct and measurable contribution to climate resilience.

Function 2: Aggregated Technical and Business Development Support Facility: Selected innovations will receive tailored technical assistance, procurement and finance trainings, investment readiness support, and strategic ecosystem linkages to accelerate their transition from early- and mid-stage to the scale stage. AFCIA 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. It will also help ensure that concrete adaptation activities are implemented effectively, efficiently, and sustainably, reinforcing their capacity to deliver long-term resilience outcomes.

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171 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.

Function 3: Knowledge Generation, Learning and Results Aggregation Facility: The project 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 project's impact on adaptation policy, finance, and programming beyond the project boundaries. Through these knowledge exchange and learning mechanisms, the project creates enabling conditions for experimentation, piloting, and adaptive management, allowing for responsible risk-taking in real-world settings while capturing lessons and refining approaches. This process will help distil insights from individual project experiences into approaches that can inform and inspire similar efforts in other regions, demonstrating the added value of a multi-regional approach.

Function 4: Project Execution and Grant Administration and Management: The project 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. These measures will reinforce accountability and support timely adjustments to ensure effective delivery throughout implementation.

Description of the Project Components

Building on the problem information provided above, AFCIA 2 has been designed to overcome the systemic barriers that prevent promising, locally led adaptation solutions from scaling. Across regions, community-based organisations, MSMEs and social enterprises are consistently trapped in a financing "missing middle"—too large for micro-finance yet too early-stage or small for commercial capital. As a result, high-potential innovations—from climate-smart irrigation to resilient water services and early-warning applications—stall before reaching sustainable scale. While regional investment landscapes differ, the core constraint is universal: limited access to appropriately structured, catalytic finance and the networks that translate prototypes into durable, investable models that generates resilience impact at scale.

In response, AFCIA 2 will provide catalytic grants and sustained technical assistance to high-potential local solutions, while deliberately linking them to investors, accelerators and national planning processes. By anchoring support in NAPs/NDCs and strengthening connections between grassroots innovators, finance and policy, the programme addresses the structural imbalance in current capital flows and ensures that benefits reach the most vulnerable. All supported innovations will embed social inclusion and gender-responsiveness, so that marginalized groups are not only beneficiaries but active leaders in design, innovation and delivery.

The project's thematic focus—climate-resilient food and water systems, nature-based solutions and disaster risk reduction and recovery—reflects where vulnerabilities intersect and where solutions are both scalable and capable of sustained impact. This emphasis on "locally led, inclusive innovation" directly responds to the gaps identified above: it targets the communities and places most at risk and strengthens the ecosystems required to replicate what works.

Within this approach, grant sizing is tailored to maximize value for money and the scale of outcomes achievable at the community level. Civil society organizations—often focused on expanding proven models, strengthening institutional capacities, and deepening alignment with local and national planning—may, where appropriate, effectively utilize larger grants in the indicative range of USD 100,000–200,000 to extend geographic reach, leverage co-financing, and integrate complementary dimensions (e.g., technology, value-chain resilience, and

gender-transformative practices), thereby enhancing impact per dollar invested. For MSMEs—central to testing market-based approaches and validating business models—moderate grants in the indicative range of USD 40,000–140,000 could serve as a good base to de-risk early stages and build investment readiness, recognizing that their interventions are typically more targeted and oriented toward specific products or services.

Drawing on implementation lessons from AFCIA 1, AFCIA 2 introduces several refinements to how innovation small grant projects are sourced, screened, and supported. While the programme will continue to use an open and competitive global call for proposals, AFCIA 2 places greater emphasis on early assessment of implementation readiness and longer-term engagement potential. Key enhancements include the introduction of a mandatory 8–10-week Onboarding Learning Sprint prior to full implementation, extended grant implementation periods for CSOs/NGOs, and differentiated support models for CSOs/NGOs and MSMEs. In particular, CSOs/NGOs will receive technical assistance and investment brokering support throughout the full implementation period, while MSMEs will benefit from a two-year structured engagement combining technical assistance and investment brokering. These adjustments are intended to strengthen delivery quality, sustainability of outcomes, and pathways to scale.

In sum, targeted financing and structured innovation support are strategic necessities for achieving equitable, measurable adaptation outcomes. By bridging the "missing middle," aligning with national priorities and building a pipeline of innovation-driven enterprises and community solutions under the AFCIA umbrella, the project is positioned to deliver transformative, locally owned resilience across Africa, Asia-Pacific, Arab States, Europe/Central Asia and Latin America & the Caribbean. The combination of catalytic grants, technical assistance, and cross-regional knowledge exchange enables the project to generate resilience outcomes that surpass those achievable through isolated country-level projects.

A description of each of the Outcomes, Outputs and Activities that are part of the project is presented as follows:

Outcome 1: High potential, locally led adaptation innovations, including non-for-profit entities and micro, small and medium enterprises (MSMEs), are identified and supported with catalytic finance and technical assistance, improving their readiness for scale and alignment with national adaptation priorities (NAPs/NDCs).

High potential, locally-led adaptation innovations are developed, designed, and prepared for implementation through inclusive sourcing, technical assistance, and supported with catalytic finance, with a focus on addressing priority climate risks and advancing gender equality and social inclusion, improving their readiness for scale and alignment with national adaptation priorities (NAPs/NDCs), in accordance with the Adaptation Fund's eligibility criteria by targeting particularly vulnerable developing country Parties to the Kyoto Protocol or the Paris Agreement that are particularly vulnerable to the adverse effects of climate change, and aligning with their commitments under the Paris Agreement.

Under Outcome 1, the project will establish a transparent, competitive, and gender-responsive grant selection and issuance process targeting participants from developing country Parties to the Paris Agreement or the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change to catalyze locally led adaptation innovations with strong potential for scaling. Building on the success of AFCIA 1, which awarded 44 grants to civil society organizations (CSOs) and non-governmental organizations (NGOs), AFCIA 2 will continue to promote inclusive participation by targeting approximately 21 CSOs and NGOs as primary grantees. This approach will ensure that adaptation solutions remain grounded in local realities and responsive to community priorities.

To further foster private-sector engagement and stimulate market-based adaptation pathways, AFCIA 2 will also pilot innovative solutions with at least 5 MSMEs (to a maximum of 15 MSMEs, depending on the size of the grant that ranges between 40,000 USD to 140,000 USD), leveraging their entrepreneurial capacity to scale viable business models for resilience. In total, the programme will channel at least 26 grants directly to innovators, strengthening the pipeline of locally driven, scalable adaptation solutions that contribute to inclusive and sustainable climate resilience. The total number of grants for NGOs/CSO and MSMEs could be higher, if

the grant size is l smaller, but 26 would be the minimum amount of grants if the grant size remains in 200,000 USD (for NGOs/CSOs) and 140,000 for MSMEs.

Following the formulation of AFCIA Project Management Unit (PMU) and the necessary procurement processes, the global 'open calls for proposal' will be launched.

In collaboration with AIM partners and in line with the AFCIA 2 Communication and Visibility Strategy (Annex 11), the AFCIA PMU will leverage internal and external networks to raise awareness of the call among all eligible and potential applicants and promote for 'open call for proposal'.

A broad, global outreach campaign will be undertaken to ensure inclusive access and strong visibility of the call for proposals. This will include targeted online information sessions designed to engage diverse groups such as NGOs, CSOs, cooperatives, MSMEs, and community-based innovators, including those from marginalized communities that may have limited access to traditional funding channels. All outreach materials and guidance documents will be made available online and disseminated through UNDP´s Country Offices, UNDP Regional Offices, UNDP´s innovation and acceleration programmes, the SGP programme, and AIM´s and AFCIA´s academic, investors and knowledge networks. All outreach materials and guidelines will be made available online and recorded webinars will be made available at the national level to increase outreach.

To ensure broad and inclusive participation, the programme will deploy targeted and context-specific outreach and communication efforts. This approach will help increase the diversity and quality of applications, while enabling the programme to identify and attract high-potential, locally led adaptation innovations, including those led by NGOs, CSOs and MSMEs. Tailored outreach will be informed by country and regional contexts, thematic priorities, and stakeholder mapping, ensuring that the call for proposals effectively reaches the actors best positioned to deliver innovative, scalable adaptation solutions.

The project team will deploy the following measures to ensure robust and equitable outreach:

- **Multi-channel outreach campaign:** Disseminating information through UNDP's networks, partner organizations, civil society platforms, business associations, academic institutions, and local authorities, using both formal and informal communication channels. A dedicated visual identity will be developed to increase visibility and stakeholder interest in the call for proposals. Dissemination materials will be made fully accessible online.
- **Targeted communication:** Preparing locally adapted messaging and materials, with specific attention to women-led entities, youth groups, Indigenous Peoples, and other vulnerable populations.
- **Information webinars and Q&A sessions:** Hosting thematic and/or regional information sessions at different times to accommodate diverse time zones and schedules, with recordings made available to ensure broader access.
- **Application support materials:** Providing clear application guidelines and an FAQ document outlining the process, eligibility criteria, assessment parameters, and expectations for applicants.

Output 1.1: 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.

Adaptation innovations with demonstrated results and strong potential for scale will be sourced through two complementary mechanisms:

(i) An **open call for proposals targeting CSOs, NGOs, and community-led organizations** that have developed context-relevant, and locally led adaptation solutions ready for scale-up.

(ii) An **open call for proposals** targeting MSMEs through a competitive process that prioritizes adaptation-focused and for-profit entities, including youth- and women-led ventures with context relevant solutions and clear scaling potential.

Innovation small grant proposals under AFCIA 2 will be sourced through an open, competitive, and inclusive global call for proposals, building on the proven approach of AFCIA 1 and leveraging UNDP's and AIM's established adaptation and innovation networks. The call will be disseminated through existing adaptation, innovation, and entrepreneurship ecosystems—including UNDP innovation platforms, AFCIA/AIM networks, and partner institutions—to reach locally led organizations delivering concrete adaptation solutions.

The sourcing design will be inclusive and gender-responsive, with eligibility criteria and application requirements structured to encourage participation from locally rooted organizations, including women-led entities and innovators working with vulnerable and marginalized communities. The call will prioritize early-stage and growth-stage adaptation innovations that demonstrate readiness for implementation and the potential to deliver tangible, measurable adaptation and climate resilience outcomes, rather than concept-stage ideas.

It is to be noted that two Calls for Proposals will run concurrently in Q1 2027: one targeting CSOs, NGOs, and community-led organizations, and a second dedicated to sourcing MSMEs. For the detailed timeline of the whole project, please refer to Annex 9 – Multi annual Workplan. Following the application period, proposals will undergo a transparent and competitive screening process that adheres to adaptation innovation criteria as well as social and gender standards. Screening and evaluation will be conducted by 'Grant Selection Committee' and follow the requirements set out in Annex 2a (Preliminary Online Application Format), Annex 2b (Preliminary Detailed Proposal Application Format), and Annex 2c (Selection Process and Evaluation Criteria) of the proposal. All selection, evaluation criteria, and the composition of the Grant Selection Committee will comply with the Adaptation Funds eligibility criteria, UNDP procurement and programming policies and will be reviewed in consultation with the Technical Advisory Group. As explained in detail under the 'Project Governance' section of the proposal, the Project Board will be responsible for reviewing and finalizing the selection of grantees for the project based on the recommendations of the AFCIA PMU and Grant Selection Committee evaluation.
By combining **innovation, inclusivity, and scalability**, **Outcome 1** will establish a robust and diverse portfolio of adaptation solutions that deliver tangible benefits to vulnerable populations while advancing global climate-resilience goals.

Across three priority themes—**(i)** Climate-resilient Food Systems, **(ii)** Nature-Based Solutions (NbS), and **(iii)** Disaster Risk Reduction and Recovery —typical subproject activities may include:

- **Climate-resilient Food Systems:** climate-smart agronomy services; efficient water use and soil-moisture management; resilient inputs and storage; and farmer aggregation and processing models that stabilize income and reduce post-harvest loss.
- **Nature-based solutions:** watershed restoration; mangrove and riparian rehabilitation to reduce flooding and saline intrusion; regenerative land-use models; and locally appropriate eco-construction techniques that improve safety, comfort, and affordability.
- **Disaster risk reduction and recovery:** community risk mapping; climate-informed contingency planning; last-mile early-warning dissemination; small-scale resilient infrastructure to minimize losses during extreme events. In this category, solutions that contribute to "bounce back" from a disaster will also be considered, like establishing sources of drinking water or food production after a crisis, flood-resilient infrastructure in vulnerable areas, ensuring predictable, inclusive, and sustained financing for recovery efforts, and empowering local communities by training leaders, establishing recovery networks, and fostering multi-stakeholder partnerships, to mention some.

All subprojects will integrate the meaningful participation of vulnerable and marginalized groups and comply fully with the 'Adaptation Fund's Environmental and Social Policy and Gender Policy'. Each grantee will prepare a contextualized and simplified 'Environmental and Social Management Plan (ESMP)' and a simplified 'Gender Action Plan' during the inception phase to ensure inclusive, equitable, and sustainable outcomes.

All supported innovations will be fully aligned with national adaptation priorities, including National Adaptation Plans (NAPs) and Nationally Determined Contributions (NDCs), and will reflect the Adaptation Fund's definition of "innovation for adaptation." Issuance of small grants to accelerate and promote adaptation innovation will be

managed through the AFCIA PMU in line with standard operating procedures of UNDP.

Activities contributing to Output 1.1:

- **Activity 1.1.1 Design and launch inclusive and competitive global calls for proposals:** Design and launch two concurrent, inclusive, and competitive global calls for proposals—one targeting CSOs, NGOs, and community-led organizations, and one targeting MSMEs—aligned with national adaptation priorities (NAPs/NDCs), Adaptation Fund eligibility criteria, and AFCIA thematic focus areas. The calls will integrate gender-responsive eligibility criteria and environmental and social safeguards.

  Relevant activities from the Multi-Annual Workplan include:
  o Preparation of call documentation, eligibility criteria, application templates, and evaluation tools
  o Alignment with Adaptation Fund ESP and Gender Policy requirements
  o Coordination with UNDP procurement and programme rules
  o Design and launch global calls for proposals targeting CSOs, NGOs, and MSMEs,
  o Development of gender-responsive eligibility criteria, application guidelines, and selection methodologies
  o Integration of environmental and social safeguards and gender-responsive requirements into call documentation
  o Outreach and communication activities to promote calls and ensure broad, inclusive participation, prioritizing outreach to women-led businesses, including from rural areas and from minority communities

- **Activity 1.1.2: Screen, select, and contract high-potential adaptation innovations:** Conduct a transparent, competitive, and gender-responsive screening, evaluation, and selection process to identify high-potential, locally led adaptation innovations, in line with UNDP rules and Adaptation Fund requirements. The open call for proposals requires the implement a broad, multi-channel outreach and communication campaign to ensure inclusive access to the calls, including targeted engagement of women-led entities, youth groups, Indigenous Peoples, and other marginalized actors. The selection process will integrate environmental and social safeguards, due diligence, and technical assessment, with final selection approved by the Project Board based on recommendations from the Grant Selection Committee and the Technical Advisory Group. Selected innovators will be contracted through performance-based grant agreements linked to agreed milestones, safeguards, and reporting requirements.

- **Relevant activities from the Multi-Annual Workplan include:**

  o Global and regional outreach through UNDP Country Offices, Regional Bureaux, AIM and AFCIA Partnership networks
  o Online information sessions, recorded webinars, and Q&A clinics
  o Dissemination of guidance materials, FAQs, and application support resources
  o Evaluation and scoring of proposals using gender-responsive and ESP-compliant criteria
  o Technical screening and due diligence of shortlisted innovators
  o Grant Selection Committee review and Technical Advisory Group consultation
  o Project Board approval of final grantee selection
  o Contracting of grantees through performance-based grant agreements

Figure 2 and Table 1 illustrate the end-to-end grant cycle at a high level, spanning the full process from sourcing through to the closure and tentative timeline of the AFCIA 2 grant project, respectively.
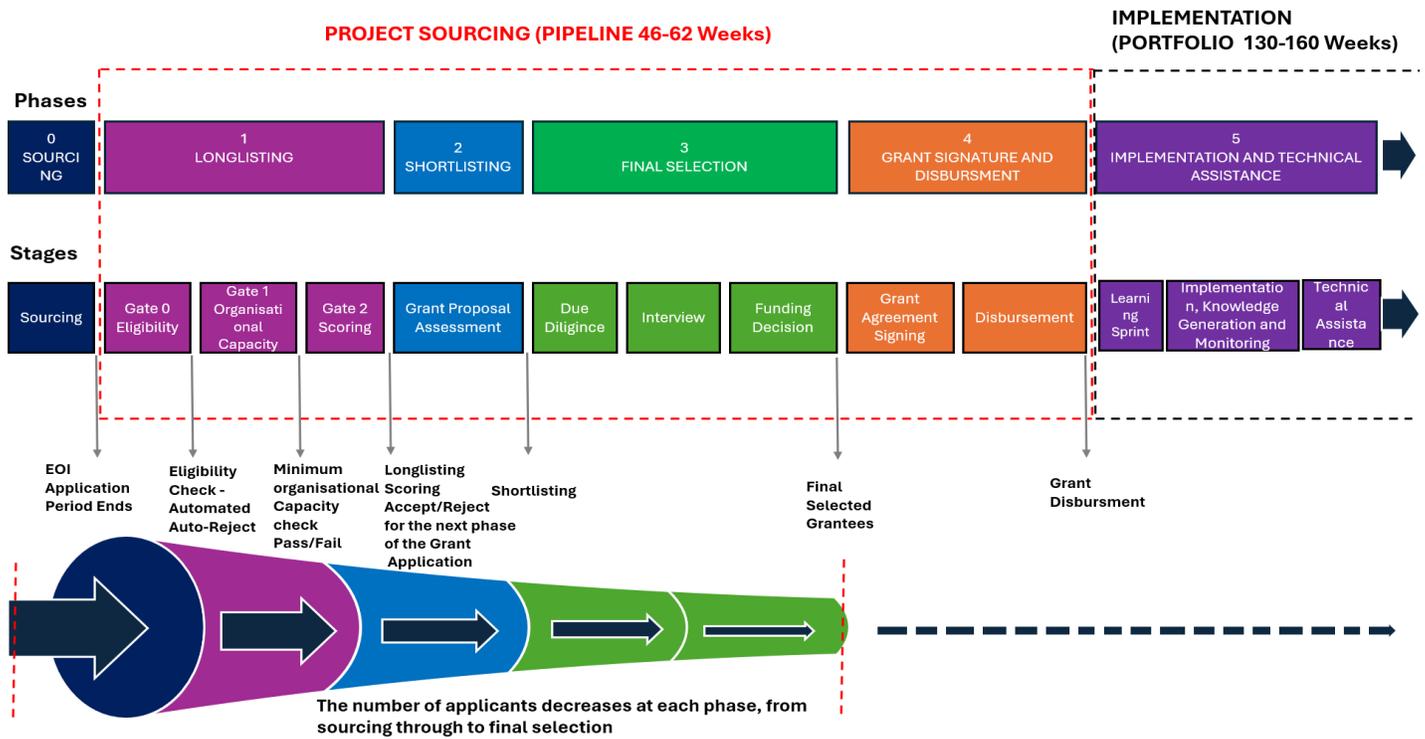
(Figure 2: End-to-end grant cycle at a high level, spanning the full process from sourcing through to the closure)

Phase	Timeline
Phase 0: Sourcing	8-12 Weeks (Q2 2027)
Phase 1: Long Listing	2-4 Weeks (Q3 2027)
Phase 2: Shortlisting	8-9 Weeks (Q3 2027)
Phase 3: Final Selection	8-12 Weeks (Q4 2027)
Phase 4: Grant Agreement Signing, Review, and Disbursement	20-25 Weeks (Q1 - Q2 2028)
Phase 5: Implementation and Technical Assistance	130 Weeks - 160 Weeks (Q1 2028 – Q3 2031)

(Table 1: High-level implementation timeline)

Output 1.2: Selected innovations receive catalytic grants and tailored technical support to strengthen operational, financial, and impact readiness, with a focus on gender equality and social inclusion.

Selected innovations will receive catalytic grant financing alongside tailored technical support aimed at strengthening their operational, financial, and impact readiness. Grant disbursements will follow a performance-

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based approach, linked to the achievement of clearly defined milestones such as completion of agreed indicators or verified progress toward results. This will reinforce accountability, improve the quality of reporting, and promote a culture of continuous learning across the portfolio. It will also help de-risk implementation and scaling, strengthen the credibility of locally led solutions, and facilitate access to follow-on investment by connecting grantees to broader adaptation, innovation, and finance ecosystems..Under the performance-based grant funding approach, the funding is committed upfront for the full grant period, meaning there will be only one grant agreement for the entire amount committed, but the funding will be released in tranches linked to agreed results, ensuring grantees have early liquidity while keeping delivery and accountability at the center.

The grant period will be 24 months for MSMEs and 36 months for NGOs/CSOs. Disbursements will follow a clear, milestone-driven schedule (Table 2):

- 30% on grant agreement signature (Tranche 1) to support mobilization and initial execution.
- 30% on achievement of the first milestone (Tranche 2), typically aligned to 6-month targets for MSMEs and 9-month targets for NGOs.
- 20% on achievement of the second milestone (Tranche 3), typically aligned to 12-month targets for MSME and 18 month target for NGOs.
- 20% on achievement of the final milestone (Tranche 4), linked to delivery of the agreed outcomes towards the end of the grant period, typically aligned to 18-month targets for MSME and 27-month target for NGOs.

As part of the application process, each applicant is required to propose a milestone (refer Annex 2b for details – Component 5). These proposed milestones form the starting point for a joint planning process with the PMU: they are reviewed, refined, and where necessary amended to ensure they are realistic, evidence-based, and clearly define what success looks like for the specific project. The final, agreed milestones are then co-created and formally captured in the grant agreement, covering areas such as operational delivery, beneficiary reach, adoption/usage, revenue or sustainability indicators, partnerships, safeguarding/compliance deliverables, and evidence of outcomes. Milestones targets will be reviewed periodically during implementation and may be further adjusted in consultation with the PMU to reflect on-the-ground conditions, while maintaining accountability to agreed outcomes.

Regardless of tranche release timing, each grantee remains actively engaged with AFCIA 2 for the full intended grant period, and technical assistance (TA) is provided throughout to strengthen implementation capacity, accelerate results, and support long-term sustainability of the innovations.

Tranche	% of total Grant commitment	Trigger	Typical timing - MSMEs	Typical timing - NGOs
1	30%	Grant agreement signed (mobilisation/start-up)	Month 0	Month 0
2	30%	First milestone achieved (6-month targets)	Month 6	Month 9
3	20%	Second milestone achieved (12-month targets)	Month 12	Month 18
4	20%	Final milestone achieved (end-of-grant outcomes)	Month 18	Month 27

(Table 2: Milestones-based grant disbursement)

The AFCIA PMU team will ensure all supported innovation interventions are designed to deliver measurable, equitable, and gender-responsive benefits for vulnerable communities. Gender equality and social inclusion will be systematically integrated throughout the grant-making process to ensure equitable access to resources and decision-making, with particular attention to women-led organizations and marginalized groups. Grant implementation periods will range between 24 and 36 months—approximately 24 months for MSMEs and 36 months for CSOs and NGOs—with exact durations confirmed prior to the launch of the open call and the processing of grant agreement. These implementation timeframes have also been informed by feedback received during stakeholder consultations, ensuring that grant implementation periods are realistic, context-appropriate, and responsive to the operational needs of the innovators.

Following selection and identification of grantees, each grantee will participate in a mandatory 8–10 weeks Onboarding Learning Sprint designed to strengthen implementation quality and accountability. This onboarding and capacity-building process will include practical modules on business-model refinement, financial and impact readiness, monitoring, evaluation and reporting, and gender-responsive and socially inclusive practices. Trainings and workshops will be led primarily by UNDP, complemented by external specialists for targeted sessions. Each grantee will be required to designate at least two representatives to complete the Onboarding Learning Sprint as a prerequisite for the start of grant implementation. The Onboarding Learning Sprint will serve as the primary entry point for establishing core operational disciplines across the portfolio. This includes the articulation of a clear outcomes model; development of basic unit economics; and the early adoption of systematic data capture practices—covering financial, operational, impact, safeguards and gender-related information. As grantees become more familiar with AFCIA 2's frameworks and operational expectations, the programme will introduce more specialized and advanced learning modules in addition to this initial Onboarding Learning Sprint, tailored to grantee profiles, sectoral needs, and demonstrated progress—such as advanced finance, investment readiness, and enhanced gender integration—to strengthen technical capacities and support continuous improvement. Further details on the Onboarding Learning Sprint and technical assistance components are provided in the sections on 'The Phased Scaling and Intervention Framework' and 'Learning and Knowledge Management Component' parts of this proposal.

Activities contributing to Output 1.2

- **Activity 1.2.1: Establish and manage performance-based grant agreements:** Establish and manage performance-based grant agreements with selected innovators in accordance with UNDP rules and regulations and Adaptation Fund requirements. Grant agreements will define the total grant amount, implementation period, tranche structure, milestone framework, reporting obligations, and applicable environmental and social safeguards and gender requirements. Funding will be committed upfront for the full grant period and disbursed in tranches linked to the verified achievement of agreed milestones, ensuring early liquidity for grantees while maintaining strong accountability, fiduciary oversight, and delivery focus throughout implementation.

  Relevant activities from the Multi-Annual Workplan include:

  o Establishment of performance-based grant agreements
  o Definition and validation of milestone frameworks and tranche structure
  o Disbursement of grant tranches linked to verified milestone achievement
  o Financial oversight and compliance monitoring
  o Incorporation of safeguards, gender, and accountability clauses
  o Grant agreement management and administration

- **Activity 1.2.2: Disburse and manage performance-based grant tranches:** Disburse catalytic grant funding in tranches linked to the verified achievement of agreed milestones, while maintaining strong fiduciary oversight, accountability, and risk management throughout implementation. This activity will include verification of milestone achievement, approval and release of tranche payments, application of financial controls, and maintenance of complete documentation and audit trails. Milestone frameworks will be periodically reviewed and, where necessary, adjusted in consultation with grantees to reflect implementation realities, while preserving accountability to agreed outcomes and performance standards.

    Relevant activities from the Multi-Annual Workplan include:
    - Verification of milestone achievement
    - Disbursement and Monitoring of Low Value Grant Agreements (LVGAs) to NGOs/CSOs and MSMEs
    - Financial controls and fiduciary oversight
    - Documentation and trail of disbursements
    - Periodic milestone reviews and validation of adjustments
    - Documentation of approved milestone changes,
    - Review of financial and progress reports
    - Risk screening and follow-up actions
    - Coordination with UNDP assurance and oversight functions
    - Inputs to programme monitoring, reporting, and learning systems

Output 1.3: Selected high-impact adaptation innovations from AFCIA 1 receive follow-on catalytic support to scale proven models and demonstrate systemic impact.

AFCIA 2 will build on the achievements of AFCIA 1 by providing follow-on catalytic support to high-impact innovations with clear potential for systemic influence (approximately 5). The programme is designed not only as a financing mechanism but also as a platform for learning and evidence generation. A comprehensive Knowledge Management and Learning Framework will capture, analyze, and disseminate lessons from grantee implementation, enabling the identification of what works, for whom, and under what conditions.

The rationale for engaging a select number of high-performing AFCIA 1 grantees is grounded in both programme experience and the strategic guidance emerging from the Mid-Term Review (MTR) Report. The MTR underscored that several AFCIA 1 innovators are already close to achieving scale but require a final, targeted period of support to consolidate their business models, strengthen evidence of impact, and secure follow-on finance. It also highlighted the importance of continuity is most essential for that final lap. Across the portfolio, a number of grantees have demonstrated strong progress and clear pathways to scale, yet still need one final "push" to transition into self-sustaining enterprises. Without continued support, there is a real risk that innovations on the cusp of scaling could stall, diminishing earlier gains and reducing the long-term value of the AFCIA 1 investment to date. The MTR also reaffirmed broader structural challenges in the adaptation finance landscape: early-stage, locally-led solutions continue to face significant barriers in accessing patient, catalytic capital, even when supported by UNDP and the Adaptation Fund. This gap reinforces AFCIA's role in de-risking, nurturing, and advancing innovations that the market alone is unlikely to support in short term. In response, AFCIA 2 proposes to selectively reinvest in the most promising AFCIA 1 innovators. This measured approach ensures continuity where it is most warranted, and accelerates the emergence of viable, scalable adaptation solutions capable of demonstrating broader market viability and delivering systems-level resilience gains.

Through this integrated approach—combining innovation, finance, technical assistance, structured and continuous learning, and evidence generation —Outcome 1 will accelerate inclusive and scalable adaptation

action across the Global South. For the purposes of this programme, the term "Global South" refers exclusively to the eligible countries that meet AF´s criteria, which are the developing country Parties to the Kyoto Protocol or the Paris Agreement that are particularly vulnerable to the adverse effects of climate change, including low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems. The evidence, insights and lessons learned generated through Outputs 1.2 and 1.3 will inform national adaptation processes, strengthen enabling environments for investment in climate-resilient development, and contribute directly to the Adaptation Fund's strategic objectives and UNDP's mandate to advance transformative, locally led climate action.

Through its transparent, inclusive, and gender-responsive grant-making process, Outcome 1 will unlock catalytic financing for a diverse portfolio of high-potential, locally led adaptation innovations across NGOs, CSOs, and MSMEs. By directing resources to solutions that respond to priority climate risks, reflect national adaptation commitments, and demonstrate clear pathways for scale, the project will strengthen the pipeline of community-rooted and market-relevant adaptation models. Together, these measures ensure that the concrete activities implemented by grantees contribute not only to community-level resilience but also to broader systemic resilience through policy and market linkages. These catalytic grants will enable innovators to operationalize or expand proven approaches, address critical barriers to implementation, and establish the foundations needed for long-term sustainability. In doing so, Outcome 1 will play a central role in mobilizing and empowering local actors to deliver measurable adaptation benefits for vulnerable populations, while laying the groundwork for broader replication, institutional uptake, and investment-driven scaling under subsequent outcomes of the programme.

Activities contributing to Output 1.3

- **Activity 1.3.1: Identify and select high-performing AFCIA 1 innovations for follow-on support:** Identify and select a limited number of high-performing AFCIA 1 grantees with demonstrated implementation capacity, strong evidence of impact, and clear pathways to scale and systemic influence. Selection will be informed by portfolio performance data, lessons from AFCIA 1 implementation, and strategic guidance from the Mid-Term Review and final evaluation, ensuring a transparent, competitive, and gender-responsive process.

  Relevant activities from the Multi-Annual Workplan include:

  o Portfolio performance review of AFCIA 1 grantees
  o Assessment of scale readiness, systemic influence, and sustainability potential
  o Development of a Knowledge Management Learning Framework
  o Validation of selected innovations through programme governance mechanisms

- **Activity 1.3.2: Establish and manage performance-based grant agreements for AFCIA 1 grantees, which provide follow-on catalytic grants to consolidate and scale proven adaptation models:** Provide targeted follow-on catalytic grant support to selected AFCIA 1 innovations to consolidate business models, strengthen operational readiness, and advance scaling pathways. Grants will focus on addressing remaining bottlenecks to sustainability, adoption, and market or institutional uptake, while leveraging prior investments and demonstrated results

  Relevant activities from the Multi-Annual Workplan include:
  o Design and approval of follow-on grant packages
  o Contracting of selected AFCIA 1 innovators under performance-based agreements
  o Disbursement of catalytic funding linked to agreed scale and impact milestones

- **Activity 1.3.3: Disburse and manage performance-based grant tranches for AFCIA 1 grantees, monitor performance, and implementation progress:** Provide follow-on catalytic support to a limited number of high-performing AFCIA 1 grantees through the disbursement and management of performance-based grant tranches linked to clearly defined and verified milestones. This activity will focus on monitoring implementation progress, performance, and delivery of agreed outcomes to ensure that additional support accelerates scale-readiness, consolidates proven business and delivery models, and strengthens evidence of systemic impact. Grant management and oversight will be tailored to the advanced maturity of AFCIA 1 grantees and will emphasize accountability, risk management, and learning, without duplicating onboarding or early-stage capacity-building support provided under other outputs.

  Relevant activities from the Multi-Annual Workplan include:
  - Verification of milestone achievement for AFCIA 1 follow-on grantees
  - Approval and release of performance-based grant tranches in line with agreed milestones
  - Review of financial, operational, and progress reports submitted by grantees
  - Monitoring of implementation progress, delivery risks, and performance against agreed outcomes
  - Documentation of tranche disbursements, milestone verification, and audit trails
  - Reporting on grant performance and implementation progress to programme governance bodies

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.

Outcome 2 focuses on transforming supported adaptation innovations into investment-ready solutions and integrating them into national and global adaptation, innovation, and finance ecosystems. Through tailored technical assistance, business development support, and strategic partnerships, AFCIA 2 will enable selected innovations to progress from early, mid, and late-growth stages toward scale. This integrated approach will address key barriers to growth—such as financing gaps, limited market access, and insufficient investor confidence—by connecting organizations to development finance institutions (DFIs), venture capital, impact investors, and other actors within the climate finance ecosystem. These measures will contribute to building a robust pipeline of investable adaptation solutions and help position adaptation as a viable and attractive investment class.

AFCIA 2 will provide targeted support to strengthen business acumen and reduce grantees' dependence on grant financing, enabling them to operate hybrid or market-facing models aligned with their mandates. Innovations will receive tailored investment readiness support and strategic ecosystem linkages, including engagement with investors through business school fellowships, mentorship programmes, and curated investor roundtables—creating opportunities for deal flow and follow-on capital mobilization. This support will be structured around a three-tiered model that combines in-house UNDP expertise, specialized external domain experts, and MBA/EMBA fellows to jointly enhance the operational, strategic, and financial capabilities of selected innovators.

Immediately upon selection, grantees will participate in an intensive Onboarding Learning Sprint designed to strengthen core operational disciplines, including business model refinement, unit economics, monitoring, evaluation and learning (MEL), gender-responsive design, and environmental and social safeguard risk management. This accelerator-type phase will ensure that all grantees have a clear outcomes model, basic financial systems, and data collection practices in place before moving into more advanced tailored support. Subsequently, grantees will access sequenced, demand-driven technical assistance modules that deepen their capacities in areas such as scaling strategies, adaptive management, and policy and market engagement.

A defining element of Outcome 2 is the strategic engagement with financial institutions, leveraging existing UNDP partnerships with the private sector. Working with private sector partners which are interested in impact funding and resilience, AFCIA 2 will:

- o **Co-design adaptation investment metrics and screening tools** to help financial institutions identify and value resilience benefits in credit and equity decisions;

- o **Pilot innovative financing pathways**—such as blended finance facilities, concessional credit lines, revenue-based financing, and insurance-linked mechanisms—to improve access to capital for MSMEs and hybrid community-led organizations; and

- o **Leveraging UNDP's and its partners knowledge and experience** to support financial institutions in integrating climate adaptation considerations into their investment strategies and portfolios

These efforts will complement technical assistance provided directly to grantees, supporting CSOs and NGOs in strengthening their business acumen and enabling MSMEs to meet market expectations. Together, these interventions will help close the "missing middle" financing gap, where many community-driven and growth-stage adaptation solutions often stall.

All activities under Outcome 2 will promote gender equality and social inclusion, ensuring that scaling efforts generate fair opportunities and benefits for all members of society, particularly those most at risk. AFCIA 2 will support grantees to embed gender-responsive and socially inclusive approaches into their business models, governance structures, and service delivery mechanisms.

AFCIA 2 will track progress using indicators such as:

- *Number of supported innovations achieving investment-readiness benchmarks;*
- *Number of women-led enterprises achieving investment-readiness benchmarks; and*
- *Number of innovations enabled to develop and implement gender-responsive business models.*

Peer learning and replication will be systematically embedded within Outcome 2 to accelerate scaling and reduce transaction costs. Proven approaches will be documented in practical replication toolkits, while regular replication clinics will create structured opportunities for grantees to exchange lessons, troubleshoot challenges, and adapt successful models across different contexts. This peer-to-peer learning architecture will help move effective innovations from isolated pilots to scalable, portfolio-wide practices.

To support the transition from promising pilots to scalable models, selected innovators will receive tailored technical assistance, investment-readiness support, and strategic ecosystem linkages that enable them to advance from early, mid, and late-growth stages toward scale. These support measures will be complemented by targeted brokering from UNDP and its partners, helping innovators translate their operational track records into credible, investable propositions for a range of capital providers.

By combining high-quality technical assistance, strategic partnerships with financial institutions, and innovative financing models, Outcome 2 will identify and contribute to unlocking new pathways for adaptation investment. This outcome will function as the programme's scaling engine, enabling high-potential, locally led innovations to move beyond grant dependence toward financially viable, institutionally embedded, and policy-aligned adaptation services that can endure and expand over time. This approach will accelerate the shift from pilot initiatives to market-ready solutions and strengthen the integration of locally led innovations into national and global adaptation finance ecosystems.

Output 2.1: All supported adaptation innovators receive tailored technical assistance, including business model refinement, thematic support on adaptation approaches, gender-responsive design, MEL systems, financial planning and safeguard risk management.

Under Output 2.1, AFCIA 2 will operationalize an integrated technical assistance facility that equips all supported CSOs, NGOs, MSMEs, and cooperatives with the skills, systems, and tools needed to strengthen their business models, adaptation approaches, gender responsiveness, monitoring evaluation and learning (MEL) systems, and environmental and social safeguard risk management. This support will be tailored to organizational type, sector, maturity level, and operational context, while maintaining a common minimum standard of capacity across the portfolio.

The technical assistance will draw on UNDP's internal expertise, specialized external partners, and the MBA Fellowship Programme with leading business schools from the Global North and the Global South. Together, they will provide hands-on support that is practical, context-specific, and aligned with the Adaptation Fund's Environmental and Social Policy, Gender Policy, and Adaptation Fund's Monitoring and Tracking System, as well as UNDP's safeguards and MEL standards. Through this comprehensive technical assistance architecture, Output 2.1 ensures that the concrete adaptation activities implemented by grantees are operationally sound, impactful, and positioned for long-term resilience-building beyond the project period.

The project will actively contribute to and benefit from a broader community of practice, showcasing learning and facilitating peer-to-peer exchange between AFCIA 1 and AFCIA 2 grantees. These efforts will be complemented by additional knowledge-sharing and peer-exchange opportunities supported across the wider AFCIA partnership, including initiatives led by UNEP-CTCN, UNIDO, WFP, and SPC through the UNEP-CTCN coordination function. Together, these collaborative platforms will strengthen cross-learning, enhance replication potential, and promote a cohesive, system-wide approach to advancing locally led adaptation.

- **Activity 2.1.1: Deliver an 8–10-week onboarding sprint for selected innovators:** Deliver an 8–10-week onboarding sprint for selected innovators covering business model refinement, value proposition clarification, unit economics, monitoring and evaluation, environmental and social safeguards, gender responsiveness, financial management, planning, and innovation management.

  Relevant activities from the Multi-Annual Workplan include:
  - Design and delivery of an intensive Onboarding Learning Sprint for selected grantees, with tailored business support for women-led organizations
  - Training modules on business model refinement, value proposition, unit economics, and innovation management
  - Capacity building on monitoring and evaluation, environmental and social safeguards, and gender responsiveness
  - Training on financial management, planning, fiduciary requirements, and operational readiness

- **Activity 2.1.2: Provide integrated, ongoing technical assistance, advisory support, leadership coaching, and peer-to-peer learning:** Provide integrated, ongoing technical assistance, advisory support, leadership coaching, and peer-to-peer learning to selected grantees throughout the piloting phase. This will include the deployment of MBA/EMBA fellows and expert mentors to work directly with grantee teams on:

  (i) testing, iteration, and risk management of innovations;

  (ii) strengthening internal systems such as financial reporting, budgeting, cash-flow forecasting, organizational and operational risk management, market analysis, and preparation of investor-ready data rooms and documentation, with tailored mentoring support for women-led and gender-responsive innovations where relevant;

(iii) organizational development, governance, succession planning, and change management to support operational resilience, responsible growth, and long-term sustainability; and

(iv) facilitating peer-to-peer learning through quarterly replication clinics, thematic learning sessions, and South–South exchanges that enable grantees to share tools, standard operating procedures, training materials, and other resources supporting learning, replication, and scaling of innovations.

Relevant activities from the Multi-Annual Workplan include:

- o Provision of tailored technical assistance and advisory support throughout the piloting phase, including tailored business mentoring for women entrepreneurs and women-led organizations
- o Deployment of MBA/EMBA fellows to work directly with grantees on business development, financial systems, and investment readiness
- o Ongoing expert mentoring on innovation testing, iteration, and risk management
- o Organizational development and leadership coaching for grantee management teams
- o Facilitation of peer-to-peer learning, replication clinics, thematic learning sessions, and South–South exchanges

- **Activity 2.1.3: Assist selected grantees to prepare Gender Action Plans and ESMPs** : Assist selected grantees to prepare contextualized and simplified Gender Action Plans (GAPs) and Environmental and Social Management Plans (ESMPs), aligned with Adaptation Fund and UNDP standards, ensuring that gender equality, social inclusion, and environmental and social safeguards are systematically integrated across the full innovation project cycle.

  Relevant activities from the Multi-Annual Workplan include:

  - o Technical assistance to develop contextualized and simplified Gender Action Plans
  - o Support to prepare Environmental and Social Management Plans aligned with Adaptation Fund and UNDP standards
  - o Guidance on integrating gender equality, social inclusion, and ESP measures across project implementation, including beneficiary engagement, staffing, and monitoring practices
  - o Ongoing monitoring and advisory support to operationalize GAPs and ESMPs during piloting

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 and investors partners

Output 2.2 will focus on helping adaptation innovators identify, prepare for, and access appropriate financing pathways, including private commercial, concessional, blended, and public–private mechanisms. Building on UNDP's existing partnerships and ecosystems with DFIs, impact investors, commercial banks, and other financial actors—as well as the networks of leading business schools—the project will facilitate positioning grantees within relevant investment pipelines and policy frameworks. Local investor networks and knowledge platforms established by other UNDP-led programmes, such as the Small Grants Programme (GEF SGP), the BOOST Impact Acceleration Programme, the TADAMON NGO Empowerment Programme, UNDP Accelerator Labs, Youth Co:Lab, the Climate Venture Scaler, and other Country Office adaptation for innovation ecosystems will be explored to identify synergies and specific collaboration opportunities that can help AFCIA 2 grantees identify and access suitable financing pathways and connect with relevant financing ecosystems.

This output will translate the operational and strategic improvements achieved under Output 2.1 into tangible

financing opportunities. It will support organizations to articulate their financing needs, understand investor requirements, and structure proposals that align with the expectations of different capital providers, while maintaining their social and environmental objectives. Through these measures, Output 2.2 strengthens the conditions necessary to position adaptation initiatives as credible financing propositions and enables the scaling of locally led adaptation across regions. This function is central to the project's multi-regional value proposition, whereby solutions proven effective in one context can secure financing and strategic partnerships that facilitate expansion into new geographies facing similar climate risks.

Activities contributing to Output 2.2:

- **Activity 2.2.1: Support innovators to identify and access appropriate financing pathways:** Support innovators to identify and access appropriate financing pathways through investor engagement, deal structuring support, preparation of investor-ready documentation, and linkages to private, public, concessional, blended, and public–private finance mechanisms, in collaboration with leading business schools, investors, and strategic partners.

  Relevant activities from the Multi-Annual Workplan include:

  - Support to grantees on investment readiness, including financial modelling, unit economics, and preparation of investor-ready data rooms and documentation, with additional support provided to women-led and gender-responsive innovations where relevant.
  - Engagement with private sector investors, financial institutions, and impact investors to explore financing options for supported innovations.
  - Facilitation of linkages to public, concessional, blended, and public–private finance mechanisms
  - Targeted advisory support on deal structuring and financing strategies, drawing on partnerships with leading business schools and investment partners, ensuring that financing models do not unintentionally reinforce gender-based exclusion (through collateral requirements or ownership structures, for instance).
  - Organization of investor-focused learning sessions, pitch events, and strategic dialogues to connect innovators with potential financiers. The design of these engagement and matchmaking events will have intentional gender balance including through gender-sensitive formats, timing and locations accessible to women.

- **Activity 2.2.2: Generate and consolidate evidence of impact, scale, and systemic influence:** Generate, consolidate, and synthesize evidence from supported adaptation innovations to assess their impact, scalability, and potential for systemic influence. This activity will focus on aggregating technical, financial, organizational, gender, and environmental and social performance data across the portfolio to demonstrate adaptation outcomes, inform scaling and financing pathways, and support engagement with policymakers, investors, and implementing entities. Evidence generated under this activity will feed into learning products, investment readiness processes, and programme-level reporting, without duplicating knowledge dissemination activities under Outcome 3.

  Relevant activities from the Multi-Annual Workplan include:

  - Track and document follow-on finance mobilized by grantees: Systematically track and document follow-on finance mobilized by supported innovations by consolidating grantee-level technical, financial, and impact performance data; analyzing monitoring and evaluation results to assess scalability and systemic relevance; and monitoring early signals of adoption, replication, and growth. This will include documenting outcomes related to gender equality, social inclusion, and environmental and social safeguards, and preparing portfolio-

level evidence summaries to inform scaling pathways, investment engagement, and programme-level reporting. All evidence will be subject to validation and quality assurance processes to ensure its reliability for decision-making, learning, and engagement with partners and potential financiers.

Together, Outputs 2.1 and 2.2 operationalize Outcome 2 by combining high-quality technical assistance with proactive financing facilitation. This will enable AFCIA 2 grantees to become stronger, more resilient organizations that are capable of absorbing and managing diverse forms of capital, scaling their impact, and contributing to more inclusive and robust adaptation finance ecosystems.

Gender equality and social inclusion will be mainstreamed across all activities under Component 2 through gender-responsive selection criteria, the development and implementation of Gender Action Plans, integration of ESP requirements, targeted technical assistance, leadership coaching, and gender-disaggregated monitoring and reporting. This approach will ensure that gender considerations are systematically reflected in the design and delivery of support to innovators and in the strengthening of investment-ready adaptation solutions.

Outcome 3: Evidence and learning from supported adaptation innovations are leveraged to inform replication/scaling pathways, policy programmes, and impact investment practices through strategic partnerships, regional platforms, and global knowledge networks, accelerating inclusive and market-oriented adaptation solutions.

Outcome 3 leverages evidence and learning generated through supported adaptation innovations to influence replication strategies, policy processes, and investment practices at local, national, and global levels. AFCIA 2 will capture and disseminate field-tested insights on what works, for whom, and under what conditions, drawing on robust monitoring, evaluation, and learning systems and participatory learning approaches. These insights will inform policy and programme design, support replication across geographies, and shape public and private investment flows, with a strong focus on promoting inclusive and gender-transformative adaptation models. In line with the Adaptation Fund's definition of innovation for adaptation, AFCIA 2 will prioritize solutions that go beyond incremental improvements, address clearly defined climate risks, and evolve through iterative testing, learning, and adaptation with the meaningful participation of vulnerable communities. Central to this outcome is the project's emphasis on capturing how concrete adaptation activities implemented under Outcomes 1 and 2 generate measurable resilience outcomes, and translating these results into actionable guidance for policymakers, practitioners, and investors.

Building on the strategic partnerships established under AFCIA 1, AFCIA 2 will strengthen the role of regional platforms and global knowledge networks in accelerating systemic change. This includes engaging financial institutions, investors, and grantees across the wider AFCIA partnership through curated knowledge products—such as adaptation investment briefs and metrics toolkits—and through targeted dialogues and roundtables that help integrate adaptation considerations into portfolio strategies. Peer-learning exchanges, South-South and South-North collaboration, and knowledge sharing among innovators, local actors, academia, and private-sector partners will further support the uptake and scaling of proven models. From the outset, scalability will be embedded in how learning is structured, including through replication-oriented documents, knowledge exchange, and collaborative mechanisms that connect promising solutions to broader policy and investment pipelines. Outcome 3 will support the development of a knowledge framework that enables concrete adaptation practices proven effective in one country to inform, inspire, and potentially be adapted in other regions facing similar climate risks—providing added value that extends beyond individual country-level projects.

AFCIA 2 will also produce gender-transformative and socially inclusive case studies, ensuring that lessons reflect diverse contexts and promote the meaningful engagement of women, youth, and vulnerable groups. In coordination with AFCIA partnership agencies and the UNEP-CTCN coordination services function, the project will contribute to developing shared knowledge repositories and leveraging digital platforms for global visibility—enabling replication across countries, sectors, and ecosystems. All knowledge products will be

designed to be practical, action-oriented, and accessible to local actors, including community-based organizations and Indigenous Peoples, thereby supporting informed decision-making at multiple levels.

Progress under Outcome 3 will be monitored through indicators such as the number of innovation-focused knowledge products disseminated and the number of learning events facilitated, including participation rates of women, vulnerable groups, and local institutions. These indicators will help track how evidence from innovation is translated into improved practice, replication, and policy and investment responses across the participating regions.

By linking evidence on the effectiveness and efficiency of supported innovations to policy dialogues, investment decision-making, and replication pathways, AFCIA 2 will help demonstrate how locally led solutions can inform government priorities and attract finance at scale. The project's principal contribution will be to generate robust, field-based evidence and translate it into actionable insights that inform partner-led processes and strategic initiatives. Through collaboration with financial institutions, local governments, and development partners, these lessons will be reflected in policy recommendations, investment briefs, and scalable business models. The application of clear innovation criteria—including value addition, feasibility, cross-scale acceleration potential, and long-term viability—will further guide how promising practices are adapted and integrated into policy frameworks and investment portfolios.

AFCIA 2's knowledge and learning architecture—anchored in partnerships with leading business schools and global adaptation platforms—will support systematic documentation, cross-country peer learning, and dissemination of proven practices. South-South and South-North exchanges will extend the project's influence on adaptation programming and finance beyond project boundaries. All knowledge products will reflect gender-transformative and socially inclusive practices and will be accessible to local stakeholders. The learning approach will align with the Adaptation Fund's Strategic Results Framework, with emphasis on innovation for scale, policy integration, and cross-reporting on ecosystems, livelihoods, disaster risk reduction, and awareness and ownership. This architecture will build on a two-stage learning and innovation process—pre-selection and proposal-strengthening support, followed by an intensive Onboarding Learning Sprint for selected grantees—as well as the MBA Fellowship Programme, which links academic expertise with locally led adaptation practice and evidence generation.

Gender equality and social inclusion will be mainstreamed across Outcome 3 by ensuring that evidence generation, learning processes, and knowledge products systematically reflect diverse contexts and perspectives, including those of women, youth, Indigenous Peoples, and vulnerable groups. Scaling, replication, and financing pathways for supported adaptation innovations will build on gender-responsive design principles and environmental and social safeguards established in earlier phases, including Gender Action Plans and ESP measures developed by grantees. Through inclusive learning, partnerships, and investment engagement, Outcome 3 will promote responsible growth and the uptake of inclusive and market-oriented adaptation solutions across policy, replication, and investment pathways.

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 peers, government partners, investors, and adaptation practitioners.

Output 3.1 focuses on generating high-quality, evidence-based knowledge products that capture the lessons, success factors, and challenges emerging from supported adaptation innovations. Through systematic monitoring, evaluation, and participatory learning processes, AFCIA 2 will document what works, for whom, and under what conditions—ensuring that insights are grounded in field realities and reflect diverse contexts. This includes synthesizing learning into practical case studies, evidence briefs, replication toolkits, and gender-transformative analyses that elevate the experiences of women, youth, Indigenous Peoples, and vulnerable groups.

Knowledge products—including case studies, thematic briefs, and investment-oriented reports—will be co-developed with partners to inform decision-making, influence policy, and support scaling. Special emphasis will be placed on documenting gender-transformative and socially inclusive practices and on demonstrating how

concrete adaptation activities carried out by grantees translate into measurable resilience outcomes.
By working in coordination with the UNEP-CTCN coordination services function and the wider AFCIA Partnership, the project will contribute to shared digital repositories that strengthen global access to adaptation learning. These knowledge products will be designed to inform policy development, guide practitioners, support investor decision-making, and enhance the overall enabling environment for scaling and institutionalizing locally led adaptation solutions.

Through Output 3.1, AFCIA 2 transforms project-level knowledge into scalable, transferable adaptation models that can be replicated and institutionalized across regions.

Activities contributing to Output 3.1:

- **Activity 3.1.1: Design and implement a structured learning and knowledge management architecture:** Design and implement a structured learning and knowledge management architecture—including pre-selection learning activities, an Onboarding Learning Sprint, and systematic monitoring and evaluation—to capture technical, financial, organizational, gender, and environmental and social performance data from supported innovations.

  Relevant activities from the Multi-Annual Workplan include:

  - Design and implementation of a learning and knowledge management architecture
  - Delivery of pre-selection webinars and mini-courses to strengthen proposal quality
  - Delivery of an intensive Onboarding Learning Sprint for selected grantees
  - Establishment of monitoring, evaluation, and learning (MEL) systems
  - Preparation of baseline assessments and annual progress reports
  - Tracking and reporting on Outcome 3 indicators, including gender-disaggregated data

- **Activity 3.1.2: Develop, maintain, and operationalize a digital knowledge platform:** Develop, maintain, and operationalize a digital knowledge platform, building on existing UNDP, AIM, and wider AFCIA community systems, to host and disseminate case studies, evidence briefs, dashboards, replication toolkits, metrics tools, and gender-transformative analyses for policymakers, practitioners, investors, and local actors.

  Relevant activities from the Multi-Annual Workplan include:

  - Development and maintenance of a digital knowledge platform and dashboard (building on AFCIA 1, UNDP, and AIM systems)
  - Creation and hosting of toolkits, replication kits, case studies, scorecards, fact sheets, and learning resources
  - Integration of learning outputs from the Onboarding Learning Sprint into shared digital repositories
  - Contribution to shared AFCIA knowledge repositories in coordination with UNEP-CTCN AFCIA coordination function

- **Activity 3.1.3: Produce, quality-assure, and disseminate innovation-focused knowledge products:** Produce, quality-assure, and disseminate innovation-focused knowledge products—including adaptation investment briefs, replication toolkits, evidence briefs, and gender-transformative case studies—that translate project-level results into actionable guidance for policy development, replication, and investment decision-making.

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Relevant activities from the Multi-Annual Workplan include:
- o Production of innovation-focused knowledge products, including adaptation investment briefs, metrics toolkits, replication toolkits, and evidence briefs
- o Development of gender-transformative and socially inclusive case studies
- o Develop and Mandate Gender/Social Inclusion (GSI) Guidelines; Specialized Training and Sensitization for Content Teams
- o Synthesis, quality assurance, and dissemination of knowledge products in line with UNDP and Adaptation Fund standards
- o Contribution of knowledge products to global adaptation dialogues and evidence bases

- **Activity 3.1.4: Operationalize the MBA Fellowship Programme and failure-learning protocol:** Operationalize the MBA Fellowship Programme and a structured failure-learning protocol as core knowledge-generation mechanisms, engaging fellows and grantees to document business models, unit economics, impact performance, and implementation challenges, and synthesizing lessons into guidance notes and shared learning products.

    Relevant activities from the Multi-Annual Workplan include:

    - o Operationalization of the MBA Fellowship Programme as a core knowledge-generation mechanism
    - o Engagement of MBA fellows to document business models, analyze unit economics, and assess impact performance
    - o Establishment and implementation of a structured failure-learning protocol, including on barriers faced explicitly by women, women-led innovations, and vulnerable populations.
    - o Synthesis of lessons from implementation challenges into guidance notes and peer-learning products

Gender equality and social inclusion will be mainstreamed across all activities under Output 3.1 by ensuring that evidence generation, analysis, and dissemination systematically amplify women-led and gender-transformative solutions, reflect diverse contexts and build on Gender Action Plans and environmental and social safeguards developed by grantees.

Output 3.2: Annual peer learning events, global webinars, and cross-country exchanges are organised to promote South-South and South-North collaboration, uptake of good practices, and cross-sectoral learning among innovators, governments, investors, and UNDP partners.

Output 3.2 aims to deepen collaboration, cross-fertilization of ideas, and the uptake of effective adaptation models through structured peer-learning and knowledge exchange activities. Building on the networks and learning mechanisms initiated under AFCIA 1, AFCIA 2 will convene regular global webinars, cross-country exchanges, replication clinics, and South-South/South-North learning sessions that bring together innovators, policymakers, investors, technical partners, and UNDP Country Offices.

Each grantee will participate in structured peer-learning sessions and thematic exchanges aimed at strengthening capacities in business development, monitoring and evaluation, gender integration, adaptive management. UNDP will facilitate these exchanges in collaboration with partners and external experts. Over time, targeted learning modules will build advanced skills in financial structuring, communication, impact measurement, and policy engagement, supporting grantees in mobilizing follow-on investment and contributing meaningfully to national and regional adaptation agendas. These peer-learning processes will bring together grantees from AFCIA 1, AFCIA 2 and grantees from the "Balkans Climate Adaptation Futures: A Regional Innovation Initiative for Resilience"—all of which operate under AIM into a unified community of practice that strengthens portfolio-wide synergies, supports cross-regional learning, and enables the transfer of tested approaches across AIM-supported initiatives.

These activities will create a dynamic space for sharing practical insights, strengthening technical capacities, and adapting successful solutions across regions and thematic areas. They will also provide opportunities to highlight gender-responsive and socially inclusive practices, showcase women- and youth-led innovations, and promote stronger visibility of locally led adaptation on regional and global platforms.

Beyond the grantee level, AFCIA 2 will serve as a regional and global knowledge broker within the AIM and the broader Adaptation Fund ecosystem. Collaboration with AIM partners, the Adaptation Fund Board Secretariat, and implementing entities such as UNEP-CTCN, WFP, UNIDO, and SPC will enhance knowledge interoperability and broaden access to adaptation learning platforms. Through AFCIA collaboration and coordination activities led by the UNEP-CTCN AFCIA Coordination Project, knowledge products and communication outputs generated under AFCIA 2 will be systematically disseminated also across the AFCIA coordination platform and relevant regional and global fora, for increasing the visibility, credibility, and potential uptake of supported innovations among national authorities and public and private funders, leveraging also the existing ecosystems established by the other AFCIA Partners. The programme will also facilitate South-South and South-North exchanges through workshops, webinars, and study visits (between grantees that work in similar thematic areas and solutions), enabling innovators, policymakers, and investors to share lessons and replicate successful models.

By facilitating ongoing collaboration between grantees and ecosystem actors, Output 3.2 will help translate learning into action, foster replication and policy influence, and contribute to a more interconnected and supportive adaptation innovation ecosystem. By leveraging AIM grantees and by working closely with the AFCIA Partnership (MIEs and RIEs)—these exchanges will support the embedding of tested innovations into policy frameworks, investment pipelines, and institutional programmes across regions. Through structured cross-regional exchange, Output 3.2 will also create opportunities for concrete adaptation practices that have demonstrated effectiveness in one context to inform and inspire uptake in other geographies facing similar climate risks, enhancing the programme's overall contribution to resilience.

Activities contributing to Output 3.2:

- **Activity 3.2.1: Organise and facilitate structured peer-learning and knowledge exchange activities:** Organize and facilitate structured peer-learning and knowledge exchange activities—including global webinars, replication clinics, thematic learning sessions, and innovation showcases—bringing together innovators, policymakers, investors, UNDP Country Offices, and technical partners.

  Relevant activities from the Multi-Annual Workplan include:
    o Organization of global/regional or thematic webinars to share innovation results, lessons learned, and replication pathways, ensuring participation of women-led innovations, and youth, indigenous and marginalized groups as relevant
    o Facilitation of quarterly replication clinics focused on technical adaptation solutions, business models, and implementation challenges.
    o Delivery of thematic learning sessions on priority topics such as adaptation finance, gender-responsive innovation, and MSME scaling.
    o Coordination of innovation showcases linked to AFCIA and UNDP/AIM platforms to connect innovators with policymakers and investors.

- **Activity 3.2.2: Deliver targeted learning modules and peer exchanges to strengthen grantee capacities:** Deliver targeted learning modules and peer exchanges to strengthen grantee capacities in business development, monitoring and evaluation, gender integration, impact measurement, communication, and policy engagement, supporting follow-on investment and policy uptake

  Relevant activities from the Multi-Annual Workplan include:

- o Development and delivery of modular learning content on business development, impact measurement, and investment readiness.
- o Facilitation of peer-to-peer exchanges enabling grantees to share tools, templates, and standard operating procedures.
- o Capacity-building sessions on gender integration and application of Gender Action Plans across innovation cycles.
- o Targeted support on communication, storytelling, and policy engagement to support policy uptake and investor engagement.

- **Activity 3.2.3: Facilitate cross-country and cross-regional learning exchanges:** Facilitate cross-country and cross-regional South-South and South-North exchanges, including workshops and study visits, connecting grantees across AFCIA 1, AFCIA 2, and other AIM-supported initiatives to support replication, adaptation, and contextualization of proven models.

  Relevant activities from the Multi-Annual Workplan include:
  - o Design and facilitation of cross-country and cross-regional workshops connecting innovators across AFCIA phases and regions.
  - o Establish and maintain a multi-layered knowledge-sharing and learning activities. Structured exchanges between AFCIA-supported innovators and other AIM-supported initiatives to support contextualization and replication.
  - o Documentation and synthesis of lessons from exchanges to inform replication toolkits and knowledge products.

- **Activity 3.2.4: Implement coordinated communication, visibility, and dissemination activities:** Implement coordinated communication, visibility, and dissemination activities—aligned with Adaptation Fund and UNDP branding—to amplify learning outcomes, including women- and youth-led innovations, across national, regional, and global platforms and AFCIA coordination mechanisms.

  Relevant activities from the Multi-Annual Workplan include:
  - o Development and dissemination of communication materials highlighting innovation results, lessons learned, and replication potential.
  - o Visibility activities showcasing women- and youth-led innovations through AFCIA and UNDP platforms.
  - o Coordination with UNDP Country Offices to support national and regional dissemination and policy dialogue.
  - o Alignment of communication outputs with AFCIA coordination mechanisms.

Gender equality and social inclusion will be mainstreamed across all activities under Output 3.2 by promoting inclusive participation in learning events, addressing power imbalances in adaptation innovation ecosystems by amplifying women and youth-led solutions, highlighting gender-responsive and socially inclusive practices, enabling equitable participation in South-South and South-North in peer-learning processes and supporting equitable replication and responsible scaling of adaptation innovations.

B. Describe how the project /programme would contribute meaningfully to the Expected Results under the Innovation Pillar (i.e. (i) New innovations and risk-taking encouraged and accelerated; (ii) Successful innovations replicated and scaled up; (iii) Access and capacities enhanced for designing and implementing innovation and; (iv) Evidence base generated and shared)

Expected Results under the Innovation Pillar

AFCIA 2 combines performance-based catalytic grants (USD 40,000–200,000), an Onboarding Learning Sprint, tailored technical assistance (TA), MBA Fellowship Programme support, and structured replication & policy pathways to encourage responsible risk-taking, validate and scale viable solutions, build innovation literacy, and generate evidence that informs practice and policy at multiple levels. The design is anchored in Outcome 1 (sourcing & support), Outcome 2 (investment readiness & scale), and Outcome 3 (evidence & learning) of the Theory of Change.

ER1 – Encouraging and Accelerating New Innovations and Responsible Risk-Taking

The project embeds a robust innovation architecture to foster experimentation and adaptive learning while ensuring accountability and safeguards. Open, inclusive, and competitive calls will invite proposals from NGOs, CSOs, cooperatives, and a dedicated MSME window, focusing on three priority themes: climate-resilient food systems, nature-based solutions (NbS), and disaster risk reduction/recovery.

To de-risk bold testing and incentivize performance, catalytic grants will be disbursed in tranches against clearly defined operational and impact milestones. This performance-based approach balances flexibility for innovation with rigorous accountability. An intensive 8–10-week Onboarding Learning Sprint will institutionalize innovation practice among grantees, covering problem framing, development of business plans, monitoring and evaluation (MEL), financial reporting, environmental and social safeguards, gender-responsive design and planning. Learning is built into the project. The project will hold regular reviews and apply a "failure-learning" protocol so grantees can share what worked and what didn't without fear. These lessons will be documented and used to improve future rounds.

Finally, responsible risk-taking is underpinned by embedded safeguards, including adherence to the Environmental and Social Management Framework (ESMF) and Social and Environmental Standards (SESP), with simplified Environmental and Social Management Plans (ESMPs) and Gender Action Plans (GAPs) tailored for each grantee to ensure "do no harm" principles throughout experimentation.

ER2 – Replication and Scaling Pathways

The project is designed to make sure that successful innovations don't stop at the pilot stage. AFCIA 2 will create clear pathways for replication and scale-up by linking small-grant results to larger investment opportunities and policy frameworks.

First, every innovation will be assessed against performance criteria—such as cost-effectiveness, user adoption, and safeguard compliance—to identify those ready for scale. High-performing solutions will be showcased to potential private investors to attract co-financing and possible connection with government led programmes that promote LLA, adaptation for innovation or entrepeneurship. Wherever possible, efforts will be made to ensure that proven solutions can inform government-led standards, programmes or policies.

To support replication, the AFCIA 2 will also provide technical assistance and knowledge products—so that other communities and organizations can adopt these solutions. By combining financial linkages, policy integration, and practical guidance, we aim to scale what works and make it part of mainstream adaptation planning.

ER3 – Building Access and Capacity for Innovation

The project will make sure that selected organizations have the skills and systems they need to design and implement innovative solutions. This starts before selection, with short online courses and webinars to help applicants improve their proposals and understand what innovation means in practice.

Once selected, grantees will join an intensive 8–10 week onboarding sprint. This will cover essentials like monitoring and evaluation, gender-responsive design, environmental and social safeguards, financial planning, and how to manage risks and operations. The goal is to facilitate to every grantee the tools to not only successfully implement their grants, but to strengthen their organizational capacities overall to scale and ensute continuality of their initiatives.

Beyond onboarding, AFCIA 2 will deliver a comprehensive package of technical assistance and advisory services. This includes thematic clinics on food systems, nature-based solutions, and disaster recovery, as well as governance, financial controls, procurement, and ESG risk management. Grantees will also benefit from investment brokering and resource mobilization support, connecting them with impact investors, development finance institutions, and blended finance opportunities to accelerate scaling. Tailored advisory services will help organizations refine business models, strengthen partnerships, and adopt innovation-friendly policies and procedures.

To make innovation last, the project will help partner institutions adopt practical tools—such as innovation-friendly procurement templates, sandbox procedures, and gender-responsive monitoring systems. Peer learning will be a big part of this effort, with quarterly replication clinics and South–South and South-North exchanges connecting grantees with other grantees under AIM, the AFCIA Partnership and extended global networks.

By the end of the project, each grantee to deliver a tailored Gender Action Plan and an Environmental and Social Management Plan. This will create a strong foundation for scaling innovation beyond the life of the project.

ER4 – Generating and Sharing Evidence

The AFCIA 2 will not only test new ideas but also make sure the lessons are captured and shared widely. Every innovation will be tracked through a strong monitoring and learning system that collects sex, age, and disability-disaggregated data and uses geospatial tagging where relevant. We will also apply a "failure-learning" protocol so grantees can openly share what worked and what didn't.
To turn these insights into action, we will produce practical knowledge products—such as case studies, replication toolkits, investment briefs, and open-source designs for nature-based solutions. Public dashboards and scorecards will make progress transparent.

The project will develop an integrated Learning and Knowledge Management Framework that will contribute directly to cost-effectiveness by embedding capacity development, MEL, and adaptive management within implementation. Knowledge sharing will happen through multiple channels: an online repository of knowledge briefs, factsheets and a dashboard, annual peer-learning events, global and regional webinars, thematic based webinars, South–South and South-North learning exchanges. Project will also coordinate with platforms like AFCIA Partnership community platform that will be developed under UNEP-CTCN coordination services project and UNDP Climate Promise to reach a wider audience.

Finally, the project will use this evidence to inform policy through online and offline channels. This includes building the capacity of local innovators, sharing communication and knowledge products, facilitating peer exchanges, and documenting lessons learned. By doing this, the project ensures that successful innovations contribute to national adaptation plans, sector standards, and local regulations.

C. Describe how the project/programme will source innovation small grant proposals, and screen them for the potential to support concrete adaptation actions to assist the participating countries in addressing the adverse effects of climate change and build in climate resilience.

Promoting New and Innovative Solutions to Climate Change Adaptation

The project is designed to identify, support, and advance **locally led, innovative adaptation solutions** that respond directly to the climate vulnerabilities. Drawing on lessons learned from AFCIA 1, AFCIA 2 introduces a challenge fund model that combines catalytic finance, technical assistance, and investment readiness support—a relatively new and transformative mechanism in the adaptation landscape. This approach empowers non-traditional and underrepresented actors—such as grassroots organizations, social enterprises, cooperatives, Indigenous innovators, and women- and youth-led ventures—to design and scale context-specific climate adaptation solutions.

Unlike conventional adaptation projects, innovation under this initiative extends beyond technological invention. It includes any improved or adapted solution that delivers greater efficiency, effectiveness, inclusivity, or sustainability. These principles are operationalized through a transparent, competitive selection process paired with structured technical and business development support system, ensuring that innovations are both bold and grounded in local realities.

The project fosters innovation for adaptation considering:

- **New approaches and technologies** tailored to local socio-ecological realities;
- **Revived and contextualized knowledge of social, economic, and political marginalized communities and traditional, Indigenous knowledge** that supports adaptation;
- **Enterprise-based solutions** that integrate adaptation into sustainable business models;
- **Social innovations** that strengthen inclusion and climate leadership among women, youth, and marginalized groups.

In line with the project's design, AFCIA 2 will source innovation proposals through a global, open call for proposals disseminated across UNDP's regional bureaus, country offices, AIM partners, civil society networks, and private-sector and academia. As explained in the proposal in detail and in Annex 11. Communications and Visibility Strategy, multi-channel outreach campaign—including targeted communication to women-led organizations, youth groups, Indigenous Peoples, CSOs, NGOs, MSMEs, and local innovators—will ensure inclusive participation and broaden access to adaptation finance. Dedicated information sessions, Q&A webinars, and accessible application guidance will further support equitable access, especially for actors with limited exposure to international funding mechanisms.

The screening and review process will follow a structured, multi-stage approach. Following submission, proposals will undergo eligibility checks, technical screening, and scoring using the formats set out in Annex 2a (Preliminary Online Application Format), Annex 2b (Preliminary Detailed Proposal Application Format), and Annex 2c (Selection Process and Evaluation Criteria). Calls for proposals will be restricted to innovators operating in, and delivering adaptation benefits within, countries that meet the Adaptation Fund's eligibility requirements. The Grant Selection Committee—operating in alignment with UNDP governance, procurement and programming rules—will review and recommend proposals for approval by the AFCIA 2 Project Board. In line with feedback received during stakeholder consultations, the Grant Selection Committee will also include one or two former AFCIA grantees (after verifying that there is no conflict of interest), ensuring that the perspectives and practical experience of locally led adaptation actors are represented in the decision-making process. This ensures competitive, transparent, and accountable decision-making across all stages of the grant award process.

All small grant proposals are screened against a rigorous set of innovation criteria, including:

- **"Different or Better"**: The solution must represent an improvement or alternative to existing practices;
- **Value-Driven**: The innovation must address a specific, quantifiable adaptation problem;
- **Scalability**: A clear strategy must exist for replication or policy uptake;
- **Feasibility**: Solutions must be viable within current capacities and resources.

- **Testing**: Although AFCIA 2 will mainly focus on accelerating proven innovative adaptation solutions, there will be also room to assign some grants for solutions which need to be tested from scratch and refined.

Additionally, proposals must outline pathways for financial and operational sustainability, including co-financing strategies, risk mitigation, and exit plans. Each will be reviewed through gender equality and environmental safeguards lenses to ensure social inclusion and resilience benefits. All proposals will be reviewed through gender equality and environmental safeguards lenses to ensure social inclusion and resilience benefits.

To support fairness, coherence, and innovation quality, the programme will integrate a structured post-selection proposal-strengthening and capacity-building process. All selected grantees will participate in a mandatory 8–10-week Onboarding Learning Sprint, which combines interactive webinars, mini-courses, and practical exercises on problem framing, adaptation rationale, safeguards, gender integration, Monitoring, Evaluation and Learning (MEL), communication, and business-model refinement—including unit economics and financial planning. This integrated approach enables grantees to refine their proposals, strengthen technical and operational readiness, and ensure comparability across submissions without restricting innovation.

The Onboarding Learning Sprint will serve as an accelerator-type phase that prepares grantees for implementation by establishing clear operational frameworks, outcomes models, and mechanisms for data capture, reporting, and adaptive management. Monitoring and evaluation of small grants will be integrated into AFCIA 2's overall MEL framework and supported by simplified Environmental and Social Management Plans (ESMPs), Gender Action Plans (GAPs), and structured reporting tools. Grant disbursements will follow a performance-based approach linked to milestone completion, verified progress, and adherence to operational, financial, impact, and safeguards standards.

Innovation for Adaptation Approach

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.*'

The Project will advance the Adaptation Fund's innovation agenda by supporting a diverse portfolio of community-driven solutions that strengthen resilience and generate evidence to inform policy. By linking innovation with measurable adaptation outcomes, the Project ensures that successful local initiatives can evolve from pilot interventions into institutionalized models with national and regional relevance. This support will cultivate a rich portfolio of locally appropriate innovation activities, each contributing to a broader ecosystem of learning, experimentation, replication, and scaling for sustainable adaptation impact.

Key Criteria for Scalable and Self-sustainable Innovation for Adaptation Solutions

1. **Different or Better Solutions:** Proposed innovations must demonstrate a clear value addition compared to existing practices—whether through the introduction of new technologies, nature-based approaches, or the integration of traditional knowledge and social inclusion mechanisms. The innovation should go beyond incremental improvements, offering a distinct or more effective way to address adaptation challenges.

Projects are expected to:
- Present novel or enhanced approaches that improve efficiency, effectiveness, equity, or sustainability compared to current practices;
- Show potential for systemic and long-term improvement, ensuring that benefits extend beyond the immediate project context;
- Encourage collaboration with non-traditional or underrepresented stakeholders, fostering inclusive innovation ecosystems and broadening impact.

By promoting approaches that are both innovative and contextually grounded, the project will contribute to a more diverse and resilient portfolio of adaptation solutions that can inspire replication and policy integration.

2. **Delivers Value/ Addresses a Clear Adaptation Challenge:** Proposed innovations must respond to a specific and significant climate adaptation problem that imposes tangible costs—financial, environmental, or social—on target communities. The solution should clearly demonstrate how it reduces vulnerability or addresses identified climate risks, such as water scarcity, crop failure, or livelihood insecurity.

For example, reviving indigenous water-harvesting technologies to enhance access to water during dry spells can lower agricultural production costs and improve community resilience.

Each proposed innovation must:

- Deliver measurable value and impact for the intended beneficiaries;
- Present a clear strategy for operational sustainability and long-term viability beyond project funding;
- Show potential for replication and scaling in other contexts or regions.

While direct financial contributions from beneficiaries are **not required**, proponents must articulate how the solution will continue functioning effectively and sustainably after the completion of project support— show evidence of long-term viability beyond project funding and contribution to climate resilience.

3. **Cross-Scale Policy and Acceleration Potential:** Scalability and replicability must be embedded in the project design from the outset, ensuring that successful practices can be expanded, institutionalized, or integrated into relevant policies, programmes, and investment pipelines. Proposals should demonstrate how the innovation has the potential to influence or align with broader adaptation strategies at local, national, or regional levels, to promote policy uptake and cross-country replication.

Projects are expected to:

- Integrate scale-up and replication strategies into their implementation plans from the beginning;
- Foster partnerships with governments, investors, private sector actors, and regional networks to enhance policy uptake and mobilize co-financing opportunities;
- Identify and engage tested or complementary solutions that can be adapted, replicated, or scaled through collaborative mechanisms;
- Outline concrete steps to promote knowledge exchange and acceleration, such as organizing knowledge fairs, showcasing best practices, or engaging social impact investors.

4. **Doable and Practical:** Feasibility is a cornerstone of successful innovation. Proposed solutions must be realistic, contextually appropriate, and practically implementable within the project's scope and available resources. The project will support applicants through targeted technical assistance to refine and strengthen promising ideas, ensuring they are viable, desirable, and grounded in local realities, and designed for practical implementation and sustainability.

   Projects are expected to:

   - Demonstrate technical and operational feasibility, showing that the concept can be effectively implemented under existing local conditions;
   - Reflect the capacity, commitment, and track record of the implementing team or organization, ensuring that the idea can be developed into a successful, sustainable venture;
   - Present solutions that are testable and adaptable, with potential for validation, learning, and improvement through implementation.

   Through this approach, the project ensures that even early-stage or high-potential innovations receive the necessary support to become practical, scalable, and sustainable adaptation solutions.

5. **Evolves and Strengthens Through Learning and Innovation Practices:** Innovations are expected to grow through continuous learning, feedback, and adaptive design, ensuring they remain relevant, effective, and sustainable over time. Proposals should show openness to iterative testing, community engagement, and technical refinement using innovation frameworks such as human-centered design, systems thinking, and foresight.

   To enable this evolution, the project will draw on the expertise and innovation practice of UNDP, providing structured support and capacity building at two key stages:

   1. Pre-selection and Proposal Strengthening Phase: Between the long-listing and short-listing stages, applicants will be invited to participate in interactive webinars or mini-courses designed to improve their understanding of problem framing, proposal writing, and alignment with international standards. These sessions will help applicants refine their ideas, clarify objectives, and strengthen the quality of submissions—ensuring comparability across proposals and enabling UNDP to identify the most promising solutions.
   2. Onboarding and Capacity-building Phase: Following selection, successful grantees will participate in an 8–10 weeks accelerator programme that provides targeted technical assistance, mentorship, and business development support. This phase will deepen their capacity in key areas such as Monitoring, Evaluation and Learning (MEL), Gender and Safeguards, Communications and Business Model Development, drawing from tested UNDP methodologies and global best practices.

Through this two-stage learning and innovation process, the project not only enhances the quality and readiness of proposals but also builds a stronger, more investable pipeline of locally led adaptation innovations. This approach ensures that both selected and non-selected applicants benefit from knowledge transfer and skills development, contributing to a broader ecosystem of innovation and climate resilience.

6. **Embed Gender Equality and Social Considerations into Business Operations:** Projects must demonstrate a strong commitment to gender equality and social inclusion, ensuring that proposed innovations deliver equitable benefits and do not exacerbate existing inequalities. Special attention will be given to initiatives that actively engage and benefit women, youth, and vulnerable groups, while promoting inclusive participation and leadership.

   Proponents are required to:

- Quantitatively assess (where feasible) the economic, financial, social, and environmental costs and benefits of their proposed innovations, highlighting advantages for vulnerable populations;
- Compare the benefit–cost ratio of their innovation against existing practices or baselines to demonstrate its added value and cost-effectiveness;
- Meet at least Gender Marker 2, signifying that gender equality is a significant objective of the project;
- Conduct a simplified gender analysis to identify and address the specific needs, priorities, and structural barriers faced by different groups, particularly women and marginalized communities;
- Ensure that all projects **screen for environmental and social risks** and formulate relevant, proportionate **risk mitigation measures** as part of the proposal/implementation plan.
- Screen for environmental and social risk, and formulate relevant risk mitigation measures.

In line with the Adaptation Fund and UNDP Environmental and Social Policies, each proposal will include a brief environmental and social impact analysis, along with a Gender Action Plan, monitoring, and evaluation plan proportionate to the scale and risk level of the intervention. Based on this assessment, grantees may be required to develop targeted management plans.

All proposals under AFCIA 2 will include a brief environmental and social analysis, identifying potential risks and outlining mitigation measures using simplified templates provided by the program. This screening process ensures alignment with UNDP Social and Environmental Standards and the Adaptation Fund's Environmental and Social Policy. Based on the screening results, grantees will be required to develop simplified management plans, such as detailed ESMPs or expanded GAPs, for higher, medium and lower -risk activities. A project-level Stakeholder Engagement Plan (SEP) will be develop to guide inclusive engagement principles across all grantees. Each grantee will apply these principles and, where relevant, prepare a simplified engagement approach for their specific context, ensuring consistency with the project GAP and SEP requirements.

Projects must clearly outline how gender equality and women's empowerment are embedded throughout design, consultation, implementation, monitoring, and evaluation phases, and ensure that adequate budgetary provisions are allocated to deliver these objectives.

Ultimately, all supported innovations must contribute to building inclusive, resilient communities where both women and men are equally empowered to adapt to climate change impacts, ensuring that no activity or outcome reinforces existing inequalities.

Through this architecture, the programme ensures that sourcing, screening, awarding, monitoring, and learning from small grants reinforce a robust pipeline of high-potential, locally led innovations. These processes allow AFCIA 2 to broaden participation, foster responsible risk-taking, accelerate evidence-based adaptation, and strengthen climate resilience across participating countries.

D. Describe how the project / programme would screen innovation small grant proposals for their potential to provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Fund.

Economic, Social, and Environmental Benefits and Safeguards

AFCIA 2 applies a structured and safeguards-aligned screening process to ensure that innovation small grant proposals provide clear economic, social, and environmental benefits for vulnerable communities, while avoiding or mitigating negative impacts in line with the Environmental and Social Policy (ESP) and Gender Policy (GP) of the Adaptation Fund. The screening approach emphasizes inclusive and equitable participation

and ensures that innovations are locally led, socially acceptable, environmentally sound, and gender-responsive.

Screening for Economic, Social and Environmental Benefits

All applications undergo a structured review process to assess the potential of each proposed innovation to generate equitable and sustainable adaptation benefits:

Economic Benefits

Screening criteria require proposals to identify both direct and indirect economic gains for vulnerable populations. Each small grant proposal must identify both direct and indirect economic impacts—such as reduced loss and damage from climate hazards, improved agricultural productivity, and new or strengthened livelihood opportunities. The project also encourages innovations that lower climate-related costs for at-risk communities and foster long-term financial sustainability, recognizing the varied economic structures and challenges across different regions and income levels.

Social Benefits

The project is committed to strengthening social equity and resilience across diverse cultural and social contexts. Proposals must describe how they address differentiated vulnerabilities across social groups, with a particular focus on enhancing the adaptive capacity and leadership of women and girls, while also empowering youth, Indigenous Peoples, persons with disabilities, and other vulnerable groups. Proposals are required to articulate how they will promote inclusive participation, strengthen community networks, and contribute to improved access to information, resources, and services, considering context-specific barriers and opportunities.

Environmental Benefits

Funded innovations are expected to contribute to environmental protection and ecosystem resilience, including through nature-based solutions, climate-resilient food systems and disaster risk reduction. Applicants must identify expected environmental co-benefits for biodiversity, soil and water quality, and long-term ecosystem services.

Screening for Inclusive, Equitable and Gender-Responsive Participation

In alignment with the Adaptation Fund's Gender Policy and UNDP Social and Environmental Standards, the screening process embeds gender equality and social inclusion at every step. All grantees will be required to:

- Conduct a simplified gender analysis as part of project planning;
- Ensure inclusive participation of women and men in consultations and decision-making;
- Embed gender-responsive objectives and indicators in their results frameworks, including commitments to address structural barriers, promote leadership roles, and ensure equitable access to resources, benefits, and decision-making.
- Allocate sufficient resources to implement gender-focused activities.

Proposals must also show how project design and implementation will contribute to addressing structural barriers, ensuring equitable access to benefits, and strengthening the agency of women and girls, youth, peoples with disabilities, elders, Indigenous Peoples, ethnic and religious minorities, refugees and internally displaced persons, and other marginalized groups in local adaptation efforts. Proposals that do not demonstrate tangible benefits and meaningful participation for vulnerable groups will not advance past the screening stage. Please refer to Gender Analysis and Gender Action Plan (GAAP) in the Annex 5.

Screening for socially acceptable and locally led Solutions

To promote **locally led adaptation**, the screening process will evaluate how well proposals reflect:

- **Local priorities,** knowledge systems and community decision-making structures.

- **Integration of National Priorities**: Localized knowledge from project teams and stakeholder input will be used to align the grantee-projects with national climate adaptation priorities, international commitments (including NDCs, NAPs, TNAs and TAPs), and contextual realities across participating countries. This approach is applied before and throughout the identification of specific grantee-led interventions, helping ensure local relevance, ownership, and enhanced safeguard responsiveness from the outset.

Screening for Environmental and Social Safeguards

All project activities will be assessed and implemented in accordance with the Environmental and Social Policy (ESP) of the Adaptation Fund and UNDP's Social and Environmental Standards. Environmental and social risks will be proactively identified and managed through a phased, consultative approach.

Site-Specific Safeguard Measures: Once grantees are selected, and as part of the Onboarding Learning Sprint, guidance on environmental and social safeguards will be provided to support the integration of simplified safeguard and gender actions into their implementation plans and budgets. Using project-developed templates and guidance, grantees will prepare the required instruments proportionate to the scale and nature of their interventions. The PMU´s Gender and Safeguards Specialist will undertake a review of the instruments and based on the review, targeted screenings and or community-level consultations will be conducted. Safeguard considerations will also be incorporated into national coordinators' visits to grantees, alongside their broader support functions. These screenings may require the preparation of targeted and detailed safeguard and gender-related instruments such as:

- o Environmental and Social Management Plans (ESMPs)
- o Stakeholder Engagement Plans (SEPs)
- o Gender Action Plans (GAPs)
- o Risk mitigation frameworks

This phased safeguards approach enables responsible expectation management, ensures compliance with AF and UNDP policies, and provides transparency throughout the project lifecycle—especially in the early stages when grantee selection and project sites are still being finalized.

More information is found in Annexes 3, Social and Environmental Screening Procedure and Annex 4, Environmental and Social Management Plan.

Integrated Risk and Benefit Management

Through the screening and review process, all grantee proposals will be evaluated for:

- **General due diligence process;** including checking legal registration documents, social media accounts, and other relevant documents to ensure compliance with the minimum application pre-requisites, including the alignment with National, Sub-National and Regional Adaptation and Development Strategies' (as specified in Section F of the proposal) (if applicable);
- **Economic and financial viability**, including direct and indirect benefit potential;
- **Social inclusiveness and gender-responsiveness**, with clear targets for vulnerable groups and consideration of context-specific vulnerabilities;
- **Environmental sustainability**, with impact mitigation plans where necessary.

A portion of the project's technical assistance facility is dedicated to helping grantees **implement safeguards, exit strategies, and sustainability measures**, ensuring that adaptation innovations deliver long-term, transformative impact without causing harm across the diverse global contexts.

E.Describe or provide an analysis of the cost-effectiveness of the proposed project / programme and explain how the regional or multi-regional approach would support cost-effectiveness.

Cost-Effectiveness of the Project and Added Value of the Global Approach

The project employs an open, competitive, and transparent process to identify, test, and scale locally led adaptation innovations. Rather than predetermining intervention sites or thematic areas, the 'open call for interest' mechanism allows a bottom-up selection process through which the best ideas emerge based on merit and contextual relevance. This avoids inefficiencies often associated with top-down project design and ensures that resources are directed to interventions with the highest potential for impact. Proposals are assessed through clearly defined multi-criteria screening that evaluates adaptation relevance and innovation potential; financial, technical, and operational sustainability; economic, social, and environmental co-benefits; and compliance with the Adaptation Fund's Environmental and Social Policy and Gender Policies. Only initiatives demonstrating strong value for money and alignment with adaptation priorities will be supported.

Resources are allocated through a performance-based disbursement model, with catalytic grants released in tranches tied to milestone achievements. This approach strengthens accountability, ensures that funds are disbursed only upon delivery of measurable outcomes, and enhances both fiduciary assurance and adaptation impact per dollar invested. By leveraging UNDP's existing infrastructure, mechanisms, governance systems, and global partnerships, the project avoids establishing new delivery mechanisms, thereby reducing overhead costs and start-up time. Administrative, procurement, and MEL functions are managed through UNDP's established corporate systems, drawing on the experience of AFCIA 1 and comparable global initiatives that advance local action work such as the GEF Small Grants Programme which has been implemented for years by UNDP and also brings a wealth of lessons learnt to draw upon. Likewise, existing teams in UNDP that could provide technical assistance, mentoring, investment brokering and broader connections at the national level, will be engaged (e.g. SDG Finance Hub, Innovation Teams, Youth Co:Lab in Asia and the Pacific, the Regional Bureaus and associated Country Offices), making the model cost-effective and efficient as these capacities already exist within UNDP.

AFCIA 2 demonstrates strong cost-effectiveness by building on the tested architecture, partnerships, and delivery systems established under AFCIA 1, thereby avoiding the costs of developing new mechanisms while substantially expanding its reach and impact. The Project's global approach allows the efficient deployment of resources across countries, linking local innovation with regional/thematic and global knowledge networks. By consolidating technical support, capacity building, and learning under a single framework, AFCIA 2 minimizes duplication of effort and ensures that multiple countries benefit from shared expertise, advisory services, and learning platforms. This enables greater impact per dollar invested compared to isolated national initiatives.

Implementing AFCIA 2 as a global initiative rather than as separate national projects creates multiple opportunities for cost-efficiency and knowledge synergies. Shared technical and advisory resources across countries reduce duplication of effort and enable access to a wider pool of expertise and knowledge. Joint learning platforms and global coordination mechanisms streamline governance, reduce transaction costs, and improve implementation consistency, while cross-border replication of successful solutions eliminates the need to redesign adaptation models in each national context. As a result, a greater proportion of available funding directly supports innovation development and scaling, rather than administrative costs.

The project applies a portfolio approach to innovation and risk management, supporting grantees at different stages of maturity to balance experimentation with performance. This diversified investment strategy hedges against individual project underperformance while increasing the likelihood of identifying scalable, investable

models. It maximizes learning returns and minimizes sunk costs, ensuring a higher aggregate impact per dollar invested.

Cost-effectiveness is further enhanced through strong strategic partnerships and co-financing opportunities. Building on AFCIA 1 collaborations, AFCIA 2 will explore engaging key partners such as UNCDF, the Global Resilience Partnership (GRP), ICCCAD, CDKN, Climate-KIC, and other public, private, and philanthropic networks that operate in the five regions, to expand technical capacity and mobilize complementary resources. These partnerships enhance reach and visibility, enable resource pooling, unlock additional investment pathways for scaling successful innovations, and align technical and financial support with investor expectations. Strategic collaboration with academic institutions, innovation networks, and impact finance actors also extends the reach of project investments and strengthens co-financing potential. Through this collaborative model, AFCIA 2 leverages global synergies and explore co-financing opportunities to deliver adaptation impact at scale, ensuring that collective learning, risk-sharing, and replication across geographies enhance both the cost-effectiveness and long-term sustainability of the Project.

Under the UNDP-AFCIA MBA Fellowship Programme and thought leadership workstream, three informal Collaborative Working Groups have been established with key systemic stakeholders—including Alti Global, BNP Paribas, UNCDF, Euroclear, Fidelity, and Acumen—to explore and advance the potential of micro-bonds and blended finance as innovative mechanisms to mobilize capital for climate resilience and adaptation at the local level. A key focus of this initiative is addressing one of the most critical bottlenecks facing adaptation projects in the Global South: the small ticket sizes and high perceived risks that deter private investment. The Collaborative Working Groups are developing pathways to de-risk such investments, making them more attractive to private sector and institutional investors while ensuring financial models that enable scalability and long-term sustainability. By aligning with partners that share the goal of accelerating innovation for climate resilience, the project amplifies its impact without requiring proportional increases in budget.

The project also leverages UNDP's institutional capabilities and global expertise, to provide technical guidance on innovation, systems thinking, and ecosystem development. Proven UNDP tools, and portfolio and foresight methodologies are integrated to strengthen project design, implementation quality, and scaling potential, thereby improving cost efficiency.

The project's integrated Learning and Knowledge Management Framework contributes directly to cost-effectiveness by embedding capacity development, MEL, and adaptive management within implementation. Initiatives such as the Onboarding Learning Sprint, advanced training modules, and the MBA Fellowship Programme strengthen grantees' technical, financial, and operational capacities early in the cycle, reducing the need for costly corrective measures and improving implementation quality. This proactive learning structure accelerates scaling, fosters adaptive management, and enhances both efficiency and sustainability of results.

Through its global coordination, competitive selection, results-based financing, and strategic partnerships, AFCIA 2 ensures that resources are deployed efficiently to deliver maximum adaptation impact per dollar invested. The combination of UNDP's proven infrastructure, shared global services, and collaborative partnerships allows the project to minimize duplication, pool expertise, and scale successful innovations across geographies. This structure delivers strong value for money with a focus on sustainability, scalability, and inclusive impact—fully aligned with the Adaptation Fund's objective of achieving transformative, cost-effective climate adaptation outcomes.

F. Describe how the project / programme is consistent with national or sub-national sustainable development strategies, adaptation planning processes, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action, national adaptation plans (NAPs), nationally determined contributions (NDCs), adaptation communications, and other voluntary adaptation reports, where they exist, as well as with the UNFCCC technology framework, and other relevant instruments.

Alignment with National, Sub-National and Regional Adaptation and Development Strategies

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 NAPs and NDCs ensuring that innovations are both contextually grounded and aligned with broader national climate goals at different stages of the project.

Right from the start, the project is designed to target three key priority areas Climate-resilient Food Systems, Nature-Based Solutions, and Disaster Risk Reduction and Recovery, implementing interventions that directly address these sectors. These areas were selected based on a comprehensive review of priority actions identified in NAPs and NDCs across multiple regions, as referenced in Section "Project/Programme Background and Context", numeral 5 "Climate-Change Adaptation Priorities".

Moreover, during the screening stage, grant proposals are assessed against criteria that explicitly consider alignment with national sustainable development strategies, NAPs, NDCs, Technology Needs Assessments (TNAs), Technology Action Plans (TAPs) and other relevant instruments. Further, to ensure alignment with national strategies, AFCIA 2 will closely engage with UNDP Country Offices, who are well-positioned to guide the selection of grantees and ensure that their efforts support national development objectives. UNDP Country Offices also provide final confirmation that each selected solution maps effectively to relevant national instruments and contributes to the country's broader adaptation goals, including those reflected in

Once grantees are selected, the operational model for AFCIA 2 further ensures vertical integration between local-level innovation and national adaptation planning processes. Through UNDP Country Offices involvement in the selection process, each supported innovation will be mapped against national adaptation priorities and tracked for its potential contribution to national targets under the Paris Agreement and other multilateral framworks as appropiate. 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.

At the same time, AFCIA 2 facilitates horizontal integration through regional peer learning and cross-country exchange, allowing countries with similar climate risk profiles to identify replicable adaptation technologies and practices. This strengthens coherence with regional adaptation frameworks and supports transboundary resilience where relevant.

Alignment with Technology Needs Assessments & Technology Action Plans

AFCIA 2 complements national and regional adaptation technology priorities as identified in Technology Needs Assessments (TNAs), Technology Action Plans (TAPs), and National Adaptation Plans (NAPs)[172]. According to the Fourth UNFCCC TNA Synthesis Report, adaptation priorities consistently include agriculture, water management, and climate-resilient livelihoods, with over 94% of countries preparing TAPs to implement these priorities[173]. The report estimates that USD 4.4 billion is required for adaptation technology actions, and over 440 project ideas focus on agriculture and water sectors—areas directly addressed by AFCIA 2's thematic pillars: Climate-Resilient Food Systems, Nature-Based Solutions, and Disaster Risk Reduction.

Regionally, TNAs reveal distinct priorities. For example, Africa emphasizes technologies for climate-smart agriculture, drought management, and water harvesting (UNFCCC, 2020). Asia-Pacific prioritizes early warning systems, resilient crop varieties, and integrated water resource management (UNFCCC, 2020). Similarly, Latin

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[172] UNEP Copenhagen Climate Centre. (2025). TNA step by step: A guidebook for countries preparing Technology Needs Assessments and Action Plans (2nd ed.). UNEP-CCC. https://tech-action.unepccc.org/resources/

[173] UNFCCC. (2020). Fourth synthesis report on technology needs identified by non-Annex I Parties. United Nations Framework Convention on Climate Change. Retrieved from https://unfccc.int/ttclear/tec/techneeds.html

America and the Caribbean focus on agroforestry, soil conservation, and nature-based solutions for disaster risk reduction[173]. These priorities align closely with AFCIA 2's approach, which supports innovations that address these technology gaps.

Rather than pre-selecting technologies, AFCIA 2 adopts a demand-driven approach identifying innovations through competitive screening and ensuring alignment with national instruments, including TNAs, TAPs, and NAPs. UNDP Country Offices validate this alignment, ensuring that supported solutions contribute to national adaptation objectives and technology pathways under the Paris Agreement. Once onboarded, AFCIA 2 strengthens **vertical integration** by mapping innovations to national priorities and **horizontal integration** through regional peer learning, enabling replication of adaptation technologies across countries with similar risk profiles.

By embedding practical tools and fostering investment brokering, AFCIA 2 creates an enabling environment for scaling technologies prioritized in TNAs and TAPs—such as drip irrigation, rainwater harvesting, climate-resilient crop varieties, and nature-based disaster risk solutions. This approach accelerates deployment of adaptation technologies and supports systemic change in line with national and regional adaptation pathways.

G. Describe how the project / programme would screen innovation small grant proposals for meeting the relevant national technical standards, where applicable, in compliance with the Environmental and Social Policy of the Fund.

Compliance with National Technical Standards and the Adaptation Fund's Environmental and Social Policy

AFCIA 2 is designed to ensure full compliance with relevant national technical standards, sectoral regulations, and the Environmental and Social Policy (ESP) and Gender Policy (GP) of the Adaptation Fund. Alignment with these frameworks is embedded in both the design and implementation modalities of the project.

Integration into Grant Proposal and Selection Process
As part of the competitive grant process, all applicants will be required to:

- Demonstrate alignment with national technical regulations and standards, including but not limited to environmental assessments, building codes, agricultural practices, water management protocols, and public health standards relevant to the nature and scope of their proposed innovation;
- Describe how proposed products, services, or technologies comply with applicable national and—where relevant—international standards, especially for innovations intended for broader replication or export.

This requirement is clearly outlined in the grant application template and forms a core part of the proposal evaluation and due diligence process.

Verification During Implementation
Once grants are awarded, grantees will be expected to:

- **Report on their compliance** with the national technical standards outlined in their original proposal;

- **Provide supporting documentation or certificates** (where applicable), such as approvals, permits, or independent verification of conformity with standards;

- **Submit to compliance monitoring** conducted through the project's monitoring and evaluation framework, in collaboration with UNDP Country Offices and technical experts.

This process will ensure that innovations supported by the project are not only context-appropriate and effective, but also safe, legally compliant, and scalable.

Environmental and Social Safeguards

Since the project includes a range of activities and sub-projects with yet unknown design parameters and uncertain social and environmental risks that cannot be fully assessed during the project appraisal, this Environmental and Social Management Framework (ESMF) has been developed to guide further assessment and management of the expected environmental and social risks of the project based on the applicable UNDP's Social and Environmental Standards (SES) and the Adaptation Fund's ESP and GP.

In line with the ESMF: All grantees will undergo a preliminary environmental and social risk screening as part of the proposal assessment process; A qualified Gender and Safeguards Specialist in coordination with the Grant Coordinator and Data Analyst will provide technical support and quality assurance to grantees throughout the project lifecycle. UNDP will ensure that no activity causes or contributes to adverse environmental or social impacts, particularly on vulnerable or marginalized groups. Local consultations and grievance mechanisms will be implemented where necessary, consistent with national requirements and the Adaptation Fund´s policies.

H. Describe if there is duplication of project / programme with other funding sources, if any.

Maximizing Synergy: Enhancing Regional Climate Resilience through Complementary Adaptation Initiatives

The UNDP-AFCIA 2 has been designed to complement, rather than duplicate, existing global adaptation initiatives, ensuring its alignment with, and complementarity to, the broader global climate adaptation agenda. By addressing local vulnerabilities and supporting climate resilience, the project will build on and scale up adaptation innovations in synergy with ongoing initiatives in an effort to showcase deeper learnings, more scalable examples of investable projects and promote greater awareness of successful locally led adaptation (LLA) approaches and practices. Careful attention to leveraging existing resources, structures, infrastructures, and services from other projects to maximize efficiency and impact. Where there are close similarities between projects, the goal is to amplify, multiply and expand learning and system influence.

During the preparatory phase, the project will reassess relevant ongoing and past initiatives to ensure proper alignment, complementarity, and compatibility. By prioritizing consultation and collaboration (at the project development and implementation stages), the project will avoid redundancy and ensure that activities are well-integrated within the broader landscape of regional adaptation efforts.

Through a structured approach to coordination, AFCIA 2 enhances its contributions to adaptation goals, driving innovation while supporting and building on existing frameworks. This proactive strategy will ensure that the project complements, amplifies and strengthens existing efforts, fostering a collaborative environment where synergies can be realized, and outcomes can be maximized.

The following provides a comprehensive analysis of how the proposed project aligns with and contributes to the broader spectrum of existing innovation for adaptation initiatives globally:

1. Complementarity within the Adaptation Fund's Implementing Partners

- **World Food Programme (WFP) – Innovation Accelerator**: Adaptation Fund Climate Innovation Accelerator[174] : WFP's Innovation Accelerator supports climate adaptation in food systems. Each year it targets a different region and countries (e.g. Asia in 2025), and selects SMEs, CSOs/ NGOs or social

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[174] Adaptation Fund Climate Innovation Accelerator | WFP Innovation. (2024). Wfp.org. Retrieved November 13, 2025, from https://innovation.wfp.org/adaptation-fund-innovation-accelerator

enterprises to receive equity-free funding plus a 6–9-month intensive acceleration program. WFP's focus on food-system resilience complements UNDP-AFCIA 2, which funds a broader range of community-driven adaptation solutions at the global level. UNDP-AFCIA 2 targets predominantly civil society, hybrid organisations and MSMEs in three areas such as climate-resilient food systems, disaster risk reduction and recovery and nature-based solutions, whereas WFP specializes solely in food systems and targets specific regions and countries. This thematic distinction prevents overlap and allows each entity to build on its strengths. In practice, UNDP brings local adaptation expertise, an SDG13 (climate action) framing, and a global perspective, which allows for cross-learning and resource sharing, while WFP offers operational scale-up pathways linked to SDG2 in specific regions and focus countries. In addition to this, in the specific thematic area targeting climate-resilient food systems concrete synergies and collaboration between the UNDP-AFCIA 2 Project and the WFP AFCIA Project will be identified and advanced (if possible and applicable).

- **United Nations Industrial Development Organisation (UNIDO) – Adaptation SME Innovation Facility (ASIF)**[175]: ASIF supports private-sector climate adaptation innovation. It targets MSMEs with marketable adaptation solutions. UNIDO's MSME-focused approach is complementary to UNDP-AFCIA 2's community-based focus. UNDP-AFCIA 2 will fund NGOs, CSOs, and hybrid solutions in addition to MSMEs, whereas ASIF deliberately supports only for-profit MSMEs with scalable, market-based models. This creates a natural pipeline: innovations supported by UNDP-AFCIA 2 can be trialed and de-risked at the community level, and those with strong market based bankable solutions could be potentially connected to UNIDO's ASIF acceleration ecosystem. Furthermore, learnings between the two entities can be shared: UNDP-AFCIA 2 grantees can draw insight from MSME scaling from the UNIDO AFCIA program, while UNIDO grantees can gain valuable learnings in the creation of positive societal and environmental externalities through UNDP´s NGOs and CSOs.

- **Pacific Small Grants – SPC and SPREP (Pacific Community and Pacific Regional Environment Programme)**[176]: SPC and SPREP jointly manage dedicated adaptation-grant windows for Pacific Island countries. The flagship is SPC's Climate Innovation Co:Lab, which aims to "incubate, catalyze, de-risk and scale locally led climate adaptation innovations across Pacific SIDS". SPC's Climate Innovation Co:Lab establishes a climate-specific funding stream within SPC's existing Funding with Intent programme, financing community-driven solutions (for example, traditional knowledge practices, coastal resilience measures and low-tech innovations) tailored to the high vulnerability of Pacific atolls. The grants support hyper-local projects that build resilience in island communities using SPC's regional networks. While UNDP-AFCIA 2 will be available to Pacific applicants, its scope is worldwide. SPC/SPREP's windows, by contrast, are 100% Pacific-focused. Together, they form a continuum of support: UNDP-AFCIA 2 can disseminate broad learnings and open calls to Pacific NGOs, CSOs and MSMEs, while SPC/SPREP provide deep, contextualized support to Pacific projects. Additionally, the global nature of UNDP-AFCIA 2 allows for a wider cross learning between grantees, thereby strengthening the learning and support system for the Pacific grantees.

- **UNEP – Climate Technology Centre & Network (CTCN)**[177]: The program supports developing countries through demand-driven technical assistance, capacity building, and technology transfer for climate adaptation and mitigation. Within the broader AFCIA Partnership, UNEP-CTCN plays a cross-

[175] UNIDO. (n.d.). The Adaptation SMEs Innovation Facility (ASIF). Retrieved November 13, 2025, from https://www.adaptation-fund.org/project/the-adaptation-smes-innovation-facility-asif/

[176] Pacific Community (SPC). (n.d.). SPC's Climate Innovation Co:Lab. Retrieved November 13, 2025, from https://www.adaptation-fund.org/project/spcs-climate-innovation-colab/

[177] Environment, U. (2017). Climate Technology Centre and Network. UNEP - UN Environment Programme. Retrieved November 13, 2025, from https://www.unep.org/explore-topics/climate-action/climate-technology-centre-and-network

cutting role by coordinating implementing partners, offering technical advisory services, and maintaining global knowledge-sharing platforms. UNEP-CTCN complements UNDP-AFCIA 2 by working upstream to strengthen enabling environments and policy frameworks, while UNDP-AFCIA 2 supports grassroots innovation led by NGOs, CSOs, MSMEs, and hybrid models. The two approaches are synergistic: UNEP-CTCN's technical expertise and national-level government engagement seek to provide a foundational system and context for UNDP-AFCIA 2 grantees to build and scale solutions (in the countries where both programmes have grantees). Conversely, successful community-driven innovations supported under UNDP- AFCIA 2 can inform UNEP-CTCN's broader advisory and policy work. Together, they offer a coordinated innovation-to-impact pathway that spans from policy and feasibility to local implementation.

2. Complementary Focus with other Climate Funds

- **Green Climate Fund (GCF)**[178] focuses on paradigm-shifting investments and balances its portfolio 50/50 between mitigation and adaptation, with over half of adaptation funding benefiting LDCs, SIDS, and African states. However, GCF projects are typically multi-million-dollar interventions, and it uses instruments like concessional loans, equity, or guarantees to mobilize private capital for resilience infrastructure.. UNDP-AFCIA 2 complements GCF by nurturing a pipeline of grassroots innovations that can later be scaled up. While GCF de-risks and scales proven models (e.g. resilient infrastructure or climate-smart agriculture at the national scale), UNDP-AFCIA 2 supports early-stage, locally led ideas that would be too small for GCF initially. In this way, UNDP-AFCIA 2 funded pilots could mature into larger projects suitable for GCF support, creating a continuum from innovation to investment. Coordination through national climate focal points and knowledge-sharing ensures UNDP-AFCIA 2 grants align with countries' specialized adaptation plans (e.g. NDCs/NAPs) so that successful grantees can attract GCF or other donor financing later, rather than overlapping with existing GCF projects.

- **Global Environment Facility (GEF) - Small Grants Programme (SGP)**[179]: GEF-SGP implemented by UNDP, has delivered support to 30,000+ community-level projects in 127 countries, supporting community-led initiatives that address global environmental issues. GEF-SGP empowers local civil society and community-based organizations, including women, indigenous peoples, youth, and persons with disabilities, through a decentralized delivery mechanism at the country level. UNDP-AFCIA 2 is aligned with the same locally driven ethos as GEF-SGP: empowering community organizations, women and youth as agents of adaptation. However,UNDP- AFCIA 2's exclusive focus on innovation for adaptation sets it apart. For example, the GEF-SGP might fund a broad range of community resilience projects (from biodiversity to clean energy), whereas UNDP-AFCIA 2 specifically targets novel climate adaptation solutions for scaling up. Likewise, UNDP-AFCIA 2 grants (from 40,000 USD up to 200,000 USD) are somewhat larger than regular SGP micro-grants, enabling support for technologies or business models that require more capital and time to mature and scale. UNDP- AFCIA 2 complements the GEF-SGP implemented by UNDP, by focusing on innovative early-stage solutions and by creating a bridge between community-based innovation and larger-scale implementation. Successful innovations emerging from UNDP-AFCIA 2 could be replicated or scaled with GEF/LDCF(Least Developed Countries Fund) financing, ensuring a continuum of support.

- **Least Developed Countries Fund (LDCF) & Special Climate Change Fund (SCCF)**[180]: The LDCF (for LDCs) and SCCF are GEF-managed funds that typically support government-endorsed adaptation projects. Recently, these funds have also started to back innovation and private sector engagement – for example, the SCCF is co-funding the Adaptation SME Accelerator Program (ASAP) (described below) to spur entrepreneurial solutions. UNDP AFCIA 2 shares the goal of helping vulnerable

[178] Fund, G. C. (2023b, March 20). Adaptation. Green Climate Fund. Retrieved from https://www.greenclimate.fund/theme/adaptation

[179] GEF Small Grants Program. (2024, November 22). Global Environment Facility. Retrieved from https://www.thegef.org/what-we-do/topics/gef-small-grants-program

[180] New initiative aims to leverage climate adaptation investment | UNIDO. (2023). UNIDO. Retrieved from https://www.unido.org/news/new-initiative-aims-leverage-climate-adaptation-investment

countries innovate, but operates through a different modality. LDCF/SCCF projects (often $3–10 million each) work at the policy or sector level, whereas UNDP AFCIA 2 provides smaller grants directly to local actors. By aligning with national adaptation priorities, UNDP AFCIA 2 ensures it complements LDCF/SCCF initiatives. Essentially, AFCIA's flexible small grants fill the gaps by reaching non-governmental innovators and MSMEs, complementing the public-sector projects financed by LDCF/SCCF.

- **GEF Challenge Program for Adaptation Innovation**[181]: The GEF's SCCF launched an Adaptation Innovation competition that awarded funds to pilot new private-sector solutions toa dress climate risks. The strong response to GEF's global innovation call (400+ proposals) shows the huge demand for adaptation innovation funding. UNDP-AFCIA 2 helps meet this demand on an ongoing basis. Unlike the one-off GEF challenge (which made a handful of larger grants through international partners), UNDP-AFCIA 2 runs continuous support and provides many direct grants along with direct TA packages to local organizations (NGOs, CSOs and MSMEs) in developing countries. This inclusive approach reaches grassroots innovators that big global competitions might miss. There is no duplication, as UNDP-AFCIA 2's grants are smaller and more locally focused. In fact, UNDP-AFCIA 2 can feed promising ideas into future rounds of GEF or other donor funding.

- **Climate Investment Funds – Pilot Program for Climate Resilience (PPCR)**[182]: The PPCR (under the World Bank's Climate Investment Funds) historically provided funding to highly vulnerable countries to integrate climate resilience into development plans. It financed large-scale interventions and readiness activities. Programs like PPCR built the enabling environment and national plans that pave the way for local innovation. UNDP-AFCIA 2 will be aligned with those national adaptation plans, ensuring that the grassroots solutions it funds support the priorities identified through programs like PPCR. There is no duplication: PPCR did not typically fund small NGOs, CSOs or startups – in fact, many AFCIA applicants come from countries that now have climate strategies thanks to PPCR and similar efforts. By operating in this improved policy environment, UNDP-AFCIA 2´s investments have a higher chance to scale and integrate into government programs, achieving synergy with past multilateral investments.

3. *Innovation and SME-Focused Initiatives*

- **Adaptation SME Accelerator Program (ASAP)**[183]: This is a global initiative led by Lightsmith Group and supported by the GEF-SCCF, Inter-American Development Bank, and Conservation International. ASAP is an ecosystem-building program to identify and accelerate climate adaptation SMEs in developing countries. ASAP provides only acceleration services (mentorship, investment readiness) and helps connect SMEs with investors. Moreover, ASAP's focus in certain regions (e.g. Latin America and Africa) and sectors (tech-based adaptation solutions), whereas UNDP AFCIA 2 has a much broader scope in terms of both geography and sectoral focus. Additionally, ASAP's acceleration service offers a valuable opportunity to share knowledge and information.

- **UNCDF´s LoCAL**[184]: The UNCDF runs the LoCAL program, providing climate finance to local governments; while LoCAL gives performance-based climate grants to municipalities, UNDP AFCIA 2

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[181] Challenge Program for Adaptation Innovation. (2024). Global Environment Facility. Retrieved November 13, 2025, from https://www.thegef.org/what-we-do/topics/challenge-program-adaptation-innovation

[182] Pilot Program for Climate Resilience | Climate Investment Funds. (n.d.). www.cif.org. Retrieved from https://www.cif.org/topics/climate-resilience

[183] The Adaptation SME Accelerator Program (ASAP): Africa Focused Adaptation SME Market Study. (n.d.). Retrieved from https://climateasap.org/wp-content/uploads/2023/09/ASAP-Africa-Adaptation-SME-Market-Study-September-2023.pdf

[184] LoCAL Climate Adaptive Living Facility Homepage. (2024). Uncdf.org. Retrieved from https://www.uncdf.org/local/homepage

funds NGO, CSOs and MSME solutions in those same communities – together strengthening locally led adaptation from both the public and civil society sides. By coordinating through AIM, such efforts ensure coherence: LoCAL funds a community's climate-resilient infrastructure, UNDP AFCIA funds a complementary community-based solution, each aware of the other. Additionally, UNCDF is a strategic partner for UNDP AFCIA 2 and therefore we can purposefully align with UNCDF on such programs to maximize synergy and outcomes.

- **Global Innovation Fund (GIF) – Climate Resilience Window**[185]: In partnership with the UK's FCDO and Sida, GIF launched an Innovating for Climate Resilience fund to invest (via grants, equity, or debt) in scaling climate adaptation innovations that benefit the poorest. It seeks out high-impact innovations and helps de-risk and scale them, often co-investing with other donors. The GIF climate resilience initiative operates more like an investor than a small-grants provider – it looks for innovations that have proven potential and can reach millions of people if funded to grow. This is a natural next step for successful innovations emerging from UNDP AFCIA 2. There is no overlap in funding approach: UNDP AFCIA's mandate is to target early-stage and demonstrate locally led solutions, whereas GIF can later provide larger follow-on funding (including equity investments) to those that show evidence of impact. In fact, GIF explicitly aims to "partner with other investors, large and small, to identify innovations and feed into a growing pipeline" for climate adaptation. UNDP AFCIA 2 is exactly such a pipeline of early innovations. By maintaining dialogue with these key partners (GIF is a strategic partner of the Global Resilience Partnership and the Adaptation Research Alliance, which are also UNDP AIM´s partners), AFCIA 2 will ensure that its most promising grantees are visible to scale-up financiers like GIF, rather than both programs unknowingly funding the same stage of the same project. Thus, GIF and UNDP-AFCIA 2 form a synergistic ladder of finance – with AFCIA at the early stage and GIF at the mature growth stage – collectively accelerating innovation for resilience.

- **Global Ecosystem-based Adaptation (EbA) Fund**[186]: The Global EbA Fund provides seed capital for innovative ecosystem-based adaptation measures worldwide. It offers rapid, targeted grants to projects that use nature-based solutions to help communities adapt. The EbA Fund specializes in nature-based solutions, whereas UNDP-AFCIA 2 has a broader innovation mandate with three thematic areas. The knowledge exchange between the EbA Fund and UNDP-AFCIA 2 can multiply impact – lessons from EbA projects can inform UNDP-AFCIA 2 grantees pursuing similar objectives, and vice versa. UNDP-AFCIA 2 offers integrated support to innovators via its TA provision. Through AFCIAs deep and extensive networks with business schools, it can leverage and multiply the outcomes of both programs to a wider private sector audience.

In addition to funding coordination, UNDP-AFCIA 2 actively contributes to shared learning platforms to prevent siloed efforts. The project's knowledge management approach will document lessons from local innovation projects and disseminate these globally. Building on this, AFCIA 2 will also leverage UNDP's and partners' business school networks to convene and expose different strands of adaptation work, including through dedicated roundtable-style workshops (in-person and hybrid) hosted in business schools per quarter.

These sessions will provide a neutral, safe space for Adaptation Fund implementing entities, Green Climate Fund and Global Environment Facility partners, and other adaptation-focused funds and programmes to exchange insights, compare what has worked (and what has not), and explore opportunities for a more coordinated approach to adaptation support. By sharing evidence with the wider community of practice, UNDP-AFCIA 2 helps other funders adjust their instruments and avoid duplicating approaches. Likewise, UNDP-AFCIA 2 will stay updated on outcomes from parallel programmes and feed this intelligence back into its own TA offer to maximize adaptation results. In summary, UNDP-AFCIA 2 is explicitly designed to maximize synergies with other climate funding sources, occupying a complementary niche in supporting grassroots innovations while partnering closely with the broader UNDP system and international climate finance

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[185] Innovating for Climate Resilience. (2025). Global Innovation Fund. Retrieved November 13, 2025, from https://www.globalinnovation.fund/innovating-for-climate-resilience

[186] https://www.unep.org/gef/focal-areas/climate-change-adaptation/our-work/access-adaptation-finance

architecture.

l.Describe the learning and knowledge management system to capture and disseminate evidence, particularly of effective, efficient adaptation practices, products or technologies generated, as a basis for potential scaling up.

Learning and Knowledge Management Component

Empowering Grantees and Strengthening Local Adaptation through Knowledge Exchange

Knowledge exchange and peer-to-peer learning are central to the project, creating opportunities for grantees to share insights, best practices, and lessons learned from implementation. By facilitating direct communication and collaboration among grantees, the project fosters a learning community where participants collectively address challenges and learn from practical solutions. This approach promotes the cross-pollination of ideas, strengthens adaptive capacity, and accelerates the scaling of effective adaptation practices. The project adopts a "learning-by-doing" approach to ensure that knowledge is continuously applied to improve both institutional and community-level resilience.

The Learning and Knowledge Management plan aims to systematically strengthen the capacity of AFCIA 2 grantees to design, implement, monitor, and scale innovative, inclusive, and gender-responsive adaptation solutions. It combines structured learning processes with adaptive feedback loops to ensure that knowledge is captured, applied, and shared throughout the project cycle.

Integrated Learning Architecture

AFCIA 2 will adopt a two-stage learning and capacity-building structure aligned with the Adaptation Fund's Strategic Results Framework and UNDP's Monitoring, Evaluation, and Learning (MEL) standards. Learning will be embedded across all implementation stages—from project selection and proposal refinement to scaling and policy integration.

- **Stage 1 – Pre-selection and Proposal Strengthening:** Interactive webinars and mini courses will support long-listed applicants to strengthen problem framing, proposal design, and alignment with environmental, social, and gender standards.

- **Stage 2 – Onboarding Learning Sprint and Capacity Development:** An intensive 8-10 weeks Onboarding Learning Sprint will guide selected grantees to refine their business models, strengthen monitoring and reporting systems, and embed gender and social inclusion measures from the outset.

AFCIA 2 will formalize this process through an integrated MEL system that captures lessons across the project cycle—from selection and implementation to scaling and replication. The resulting lessons will be synthesized into actionable guidance, toolkits, and policy briefs to inform adaptation programming at national, regional, and global levels.

Immediately following selection, grantees will participate in a structured Onboarding Learning Sprint designed to strengthen their technical, financial, and operational readiness. The Sprint will combine group workshops, one-on-one mentoring, and peer-to-peer exchanges, complemented by expert sessions from academia, finance, and innovation ecosystems. Through this process, grantees will refine their business models and value propositions, strengthen financial management and resource mobilization, and explore sustainable hybrid models such as social enterprises. They will also prepare contextualized Gender Action Plans, apply gender marker criteria to ensure equitable participation and benefits, and develop simplified Environmental and Social

Management Plans (ESMPs) in line with Adaptation Fund and UNDP standards. Practical training on monitoring, reporting, and data quality will enhance accountability and support consistent aggregation of results across the portfolio.

Within the Onboarding Learning Sprint, grantees will further benefit from advanced thematic modules on business development and scaling, gender-responsive monitoring and evaluation, policy and investment engagement, and communication tools, sequenced to match their stage of implementation and evolving capacity needs.

During implementation phase, AFCIA 2 will pilot a "Onboarding Learning Sprint Review"—a structured reflection exercise engaging grantees from both AFCIA 1 and 2, EMBA/MBA partners, and investors. The review will help identify emerging trends, needs, and adaptive measures, ensuring that lessons directly inform project improvement and investment strategies.

Fostering Knowledge Exchange and Capacity Building through the MBA Fellowship Programme

The MBA Fellowship Programme is a cornerstone of UNDP-AFCIA's knowledge and capacity-building framework. It strategically connects academic expertise from leading business schools with the operational realities of locally led climate adaptation initiatives. This partnership—between UNDP, a responsible party selected under UNDP procurement processes, and top-tier universities—creates a structured platform for applied learning and collaboration.

By embedding EMBA/MBA students within AFCIA-supported organizations, the project will enable the transfer of business and financial skills, particularly in enterprise development, investment readiness, and impact measurement. In turn, students gain first-hand experience with adaptation challenges in the Global South, bridging academic knowledge with practical implementation. This collaboration also supports the development of a new generation of climate and development professionals equipped to advance innovation for resilience at scale.

From a knowledge management perspective, the project serves as a dynamic repository for continuous documentation and learning. Grantees receive tailored business development and scaling support, while students contribute to case studies, data collection, and evidence generation. These outputs will be consolidated into a shared knowledge library and inform publications and joint learning events focused on scalable adaptation business models.

Through AFCIA 2, EMBA/ MBA fellows also gain hands-on exposure to locally led adaptation models, community priorities, and the practical realities of delivering climate resilience on the ground. AFCIA 2 allows them to take this learning into their places of work and influence, to better assign and allocate capital based on a more nuanced and deeper grasp of local adaptation. This immersive experience builds a deep appreciation for context-driven solutions, social equity, and long-term sustainability—elements often overlooked in traditional business and policy training. As these fellows transition into influential roles across the private sector, public institutions, multilateral organisations, consulting, research, and philanthropy, they carry forward this understanding and values-based mindset. Over time, they become champions who shape decisions, policies, and market behaviours—driving change not only in investment flows, but also in corporate practice, product design, procurement models, risk management, and public–private partnerships.

While the impact may not be immediately visible at the project level, this intentional cultivation of future leaders contributes to long-term systemic transformation. It seeds a global network of informed and committed decision-makers who can shift institutional norms, unlock climate and development finance, influence policy agendas, and advance inclusive and locally led approaches to adaptation. By investing in the next generation of academics and leaders, AFCIA 2 strengthens the enabling environment needed for climate resilience—ensuring that the principles of localisation, equity, and sustainability gain influence in boardrooms, ministries, financial markets, and global development platforms.

For further reference, check the blog ["Shaping the future of climate adaptation through academic collaboration"](#) which captures the main lessons learnt of this academic collaboration with AFCIA 1.

Creating a Knowledge Platform to Support Scaling and Replication

The project will establish a multi-layered knowledge-sharing and learning structure to support the exchange, replication, and scaling of climate adaptation solutions. This approach aligns with the Adaptation Fund's Monitoring and Tracking System (AF MTS), particularly Strategic Focus 3, which prioritizes knowledge sharing and guidance on adaptation action and finance.

AFCIA 2 will operationalize a structured Learning and Knowledge Management Framework that ensures systematic documentation, aggregation, and synthesis of evidence emerging from each innovative solution that is supported by the project. This framework will use harmonized templates, progress indicators, and reflection tools to ensure comparability across regions and thematic areas, while allowing flexibility for diverse local contexts. Lessons from grantee monitoring data, field missions, gender assessments, and community consultations will be consolidated into periodic learning summaries and thematic evidence notes. These insights will feed into adaptive management processes at both project and portfolio levels, enabling timely adjustments to technical support, partnership brokering, and investment-readiness interventions. Building on AF's requirement to identify effective and efficient adaptation practices, AFCIA 2 will prioritize the extraction of practical, scalable, and gender-responsive solutions that demonstrate strong potential for replication and financing.

Key outcomes include the identification, codification, and dissemination of lessons learned; the development of replication toolkits and case studies; and the strengthening of learning networks at local, national, and global levels. Rather than building new systems, AFCIA 2 will leverage existing UNDP´s (and in particular UNDP AIM´s) platforms, and collaborate with the broader AFCIA community under UNEP-CTCN coordination services project, to ensure efficient and wide-reaching dissemination through existing communication channels, such as policy briefs, social media, webinars, and virtual communities of practice.

Coordination among AFCIA´s MIEs and RIEs will be strengthened through joint learning cycles, shared reporting structures, and co-curated knowledge products that synthesize results generated across the AFCIA portfolio to date. UNDP will collaborate closely with AFCIA implementing agencies including UNEP-CTCN, WFP, UNIDO, SPC as well as UNCDF, other AIM partners to avoid duplication and ensure that emerging lessons flow into regional exchanges, the Adaptation Fund Community of Practice, and global platforms. Findings from AFCIA 1 will be systematically integrated into AFCIA 2's capacity-building and learning architecture to reinforce continuity and accelerate uptake of proven models. Cross-regional learning sessions, thematic deep-dives, and peer-to-peer clinics will further enable cross-fertilization of insights between countries and regions, supporting the identification of common barriers, shared opportunities, and emerging innovation pathways. These processes will ensure that learning from individual sub-projects is aggregated into portfolio-wide evidence that can inform policy, investment, and future adaptation innovation programming.

Knowledge exchange will also be deepened through South-South and South-North knowledge exchanges, cross-country peer learning events, and thematic learning series. A depository of knowledge/ communication products will host gender case studies, and field lessons to inform both policy and practice. Knowledge exchange and ecosystem engagement will be advanced through global, regional, and thematic learning events, including innovation showcases, investor roundtables, replication clinics and alliance networking sessions, as well as through the Onboarding Learning Sprints, which will serve as a platform for peer learning and collaboration. Each event will incorporate gender-transformative and socially inclusive perspectives, ensuring balanced participation and equitable access to learning opportunities.

To further strengthen technical expertise and communication, the Project will coordinate with the UNDP Country Offices, on how to best connect grantees with academia, accelerators, incubators, and their local innovation ecosystems, integrating emerging insights from climate technology, adaptation finance, and social innovation. The AFCIA PMU will oversee the synthesis, validation, and dissemination of knowledge products,

ensuring alignment with UNDP and Adaptation Fund standards.

With the aim of increasing visibility of community-driven adaptation, supporting knowledge sharing among grantees (internally) and with the global community (externally), and strengthening stakeholder engagement, coherent and consistent communication will overall serve the purpose of highlighting the importance and urgency of fostering innovation for climate adaptation.

Visibility and Branding of the Adaptation Fund

The Adaptation Fund's contribution will be visible at all key stages—sourcing, screening, grant administration, and knowledge dissemination. UNDP will produce branded knowledge products that highlight the Fund's impact and leadership in advancing locally led innovation for adaptation. Grantees will be encouraged to acknowledge both the Adaptation Fund and UNDP in their communications and visibility materials, ensuring appropriate recognition in line with the Adaptation Fund´s communication and visibility guidelines (including AFCIA´s specific ones).

A targeted communications and visibility strategy will highlight the Adaptation Fund's contribution through case studies, videos, and impact stories disseminated via regional and global platforms. Particular attention will be given to documenting and showcasing women- and youth-led success stories, amplifying their visibility and positioning them as role models within the adaptation innovation landscape.

Through a comprehensive and inclusive learning ecosystem, AFCIA 2 ensures that knowledge is not only captured and shared, but actively translated into better design, stronger policies, and greater investment in adaptation innovation—ultimately strengthening resilience and fostering long-term sustainability across the Global South. A preliminary communications strategy for AFCIA 2, can be found in **Annex 11** for further reference.

J. Describe the consultative process that would take place, and how will it involve all key stakeholders, and vulnerable groups, including gender considerations.

Consultative Process and Stakeholder Engagement Approach

At the stage of the AFCIA 2 project´s proposal formulation, it was not yet feasible to conduct deeper consultations at the level of specific project sites or with stakeholders that will ultimately be engaged by the grantees. This is because the specific sub-projects and implementing partners (grantees) across the regions will be identified through a global open call for proposals, which will take place at the beginning of the implementation stage. As such, the project currently includes Unidentified Sub-Projects (USPs), consistent with the nature of the innovation process being supported and in line with guidance from the Adaptation Fund (Decision B.39/52).

Given this structure, UNDP´s approach to stakeholder consultation has been adapted accordingly in a two-phased approach to consultations: a) During project design and b) Once grantees are selected. In line with the Adaptation Fund's Environmental and Social Policy (ESP) and Gender Policy (GP), initial virtual consultations with key stakeholders were undertaken by UNDP. These consultations include past grantees from AFCIA 1, grantees supported by other UNDP Programmes (that advance adaptation, local action or innovation acceleration), representatives from other UN partner agencies, civil society organizations, research centres and other relevant institutions. Consultations inside UNDP with the five Regional Bureaus were also undertaken (mainly with the Environment Regional Technical Leads and additional teams which were brought in into these preliminary consultations) to strengthen the project design. These consultations inform the overall project framework, including implementation principles and safeguards. A full list of the stakeholders consulted is available in **Annex 6a. Stakeholder Consultations and Engagement during the Design Phase** and the

results and notes from said consultations are available in **Annex 7. Minutes of the Stakeholder Consultations.**

While specific grantee-led activities cannot yet be defined, UNDP will ensure that stakeholder input shapes the overarching implementation approach and risk identification processes at the grantee level. Once grantees are selected and specific interventions are identified through the open call process, more detailed, locally grounded stakeholder consultations will be conducted. These will include consultations with vulnerable or marginalized groups, women, Indigenous Peoples, and other directly affected communities as relevant. At that stage, each grantee in collaboration with UNDP will also develop and disclose detailed risk assessments and management instruments—including gender action plans, stakeholder engagement plans, and environmental and social management plans—supported by the PMU's Gender and Safeguards Specialist as part of project support and quality assurance.

This phased approach allows each grantee and UNDP to manage stakeholder expectations responsibly and transparently, recognizing that not all organizations applying for the grants may ultimately be selected or have the capacity to implement. However, UNDP us fully committed to ensuring that, in line with Adaptation Fund guidance on USPs, risk identification, gender considerations, and stakeholder engagement are addressed at both the framework level (during proposal formulation) and the sub-project level (once grantees are known). These measures will ensure robust safeguards and inclusive engagement throughout the project lifecycle.

Further to this, **Annexes 6 and 7** outline the 2-phased consultation process that started during project design and proposal development, and that will further advance during implementation—to meet the requirements of the UNDP´s and the Adaptation Fund´s Environmental and Social Safeguards Policies and Gender Policies.

Initial Consultations with Key Stakeholders

The consultative process undertaken during the preparation of the AFCIA 2 proposal has been designed to ensure broad stakeholder engagement, with particular attention to vulnerable groups and gender considerations, in compliance with the Environmental and Social Policy (ESP) of the Adaptation Fund. The process has been structured in phases, enabling effective and local input integration throughout the project's development. The following table provides an overview of the stakeholders consulted and the main insights from the consultations. Detailed information can be found in the following annexes to this proposal **Annex 6a. Annex 6a. Stakeholder Consultations and Engagement during the Design Phase**, and **Annex 7. Minutes of Stakeholders Consultations**.

Stakeholder	Key takeaways
UNDP AFCIA grantees	- AFCIA's flexibility, experimentation space, and risk-tolerant approach were highly valued, distinguishing it from other funders. - AFCIA's holistic support package (financial resources + technical assistance + mentorship + organizational strengthening) was highlighted as a core strength. - Collaborations with MBA students and other forms of tailored technical assistance created impact beyond the project lifecycle. - In-person visits from AFCIA/UNDP staff were seen as critical for understanding grantee contexts and fostering stronger, ongoing engagement. - Peer-to-peer learning, capacity building, and technical support were highly appreciated; grantees recommended expanding these components in AFCIA 2. - Grantees emphasized the importance of thematic and cross-cutting collaboration (e.g., climate-smart agriculture, gender, finance) to deepen expertise and address shared challenges. - Feedback on reporting tools was mixed: some found them clear and manageable, while others requested improvements for AFCIA 2. - Key reporting improvements needed: clearer communication of the overall Theory of

	Change and indicator framework; co-defining indicators with grantees; and dedicating sessions to explain templates and expectations. - Need to better contextualize ESG metrics and provide dedicated sessions to explain their purpose, relevance, and practical application. - Grantees identified scaling and business model challenges, noting that innovations are impactful but often unattractive to investors due to low financial returns in climate-vulnerable contexts. - Highlighted the value of partnerships (CSO–SME consortiums, collaboration with UNDP country offices, linkages with other organizations) as essential for scaling, government engagement, and resource convergence. - Increasing engagement and visibility with local governments—along with recognition such as letters confirming collaboration with UNDP—can enhance grantee credibility and partnership opportunities. - UNDP's institutional credibility is an important asset that helps smaller organizations gain recognition, build networks, and access opportunities.
UNDP-funded challenge funds grantees	- Grantees emphasized the importance of stage-appropriate capacity building, noting that early-stage organizations benefit from foundational training while growth-stage innovators require more advanced, specialized support. - Iterative feedback and coaching were highlighted as essential, with grantees stressing that learning is strengthened through regular review, adjustment, and practical guidance—not only through static deliverables. - Participants called for longer funding windows, particularly for organizations transitioning from pilot to scale, to enable sustained impact and stronger business development. - UNDP's convening power was consistently valued, with grantees crediting networking opportunities for expanded partnerships, visibility, and strategic collaboration. - Application processes can be challenging for smaller or women-led organizations due to extensive documentation requirements, limited access to formal financial records, and systemic barriers such as lack of land ownership. - Reporting requirements were seen as important but sometimes difficult to navigate; grantees requested clearer guidance, standardized tools, and more flexible expectations, particularly in contexts with data limitations. - Peer learning is considered highly beneficial, with demand for thematic cohorts, case study libraries, and simple communication channels (e.g., WhatsApp, Telegram) to support ongoing exchange. - On gender and inclusion, participants stressed the need for early planning, culturally sensitive approaches, and tailored capacity-building to ensure meaningful engagement of women, youth, and vulnerable groups. - Reaching women, especially in restrictive or fragile contexts, requires local partnerships, non-digital outreach strategies, and safe spaces for women to engage and share experiences. - Participants encouraged AFCIA to improve clarity, accessibility, and targeting of Calls for Proposals to ensure they reach relevant CSOs and MSMEs across diverse geographies and capacity levels.
Women-led Science, Technology, Engineering and Mathematics	- Women remain severely underrepresented in STEM and climate-related technical roles, particularly in agriculture, due to entrenched cultural norms and limited mobility. - Women face restricted access to technology, information, land, and finance, preventing them from benefitting from early-warning systems and digital advisory services, despite being primary agricultural workers.

(STEM) organisations	- Opportunities exist in vertical farming and climate-smart agriculture, but structural barriers (e.g., land ownership patterns) limit women's participation. - Effective engagement requires intentional, early planning, partnerships with women-led organizations, and non-digital outreach tools such as radio to reach rural women. - Participants valued UNDP's role in facilitating partnerships with ministries, universities, and research institutions, as well as providing cross-country knowledge exchange and case studies. - Short grant durations, complex application processes, and slow reporting and disbursement procedures hinder implementation and sustainability; participants called for longer funding windows and simpler, more accessible application processes. - Peer learning is highly beneficial, with demand for thematic groups, WhatsApp/Telegram channels, and practical case libraries to support continuous exchange and learning.
AFCIA-implementing agencies (UNEP, UNIDO[187])	- Generated impact need to be showcased more effectively to strengthen private-sector engagement and attract investment. - Harmonizing impact categories and standardizing tracking frameworks across agencies would help ensure portfolio diversity and minimize duplication of technologies and solutions. - Early coordination with key stakeholders, including implementing entities, UN country offices, and government bodies at local, regional, and national levels, is essential for coherent planning and implementation. - Implementing entities agreed on the need for stronger alignment across the AFCIA programme, including the potential for a shared M&E framework and indicators to enable collective measurement of adaptation impact. - Grantees should be directed to the implementing agency best suited to their technical needs, ensuring efficient access to specialized support and resources. Coordination among AFCIA implementing agencies will facilitate collabrations for smooth referral process. - Cross-agency collaboration was recommended to facilitate investment by pooling networks and providing grantees wider access to investors, partners, and complementary expertise. - When supporting SMEs, assistance should integrate both profitability and impact, helping businesses maintain financial sustainability while achieving measurable adaptation outcomes. - Knowledge sharing and communication products (e.g., videos, web stories, webinars) should be jointly planned under the coordination services of UNEP-CTCN, from the outset to ensure coherence and visibility across agencies. - Implementing entities should leverage communities of practice and jointly engage local media through country offices to enhance outreach and learning.
UNDP Regional Technical Leads	- Strong consensus on leveraging existing UNDP structures (Country Offices, SGP, Biodiversity Finance Initiative (BIOFIN), Climate Promise) to strengthen local presence, reduce duplication, and support robust pipeline development. - Regions stressed the importance of systematically monitoring grantees' progression from grant to scale, capturing and institutionalizing lessons from AFCIA 1, and prioritizing high-potential, innovative, and community-driven solutions—including those emerging from South–South collaboration. - Regional differences in adaptation ecosystems were highlighted: sectors, value chains, and types of target organizations vary significantly and must inform how AFCIA

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[187] The WFP AFCIA focal points were contacted to carry out an interview, but at the time of submitting this proposal, the interview was not confirmed by WFP.

	2 tailors outreach and selection across regions.
	- AFCIA 2 should aim for exponential—not linear—impact by expanding pathways for private finance attraction, strengthening business model viability, and linking grantees to national and regional adaptation finance ecosystems.
	- Lessons from AFCIA 1 (e.g., growth from 20% to 59% revenue-generating grantees; 32% earning over USD 100,000 annually) were viewed as strong foundations for investment-readiness and scaling support in AFCIA 2.
	- Clear opportunities identified to link AFCIA 1 grantees with SGP and Western Balkans project portfolios for structured peer learning, knowledge exchange, and replication of proven models.
	- Regions emphasized the need to highlight AFCIA's support methodology (technical assistance, mentoring, pipeline development, investment-readiness) as a core value proposition that Country Offices see as equally important as financing.
	- Inputs emphasized articulating how AFCIA's support model can be replicated by Country Offices and how it strengthens local organizations' engagement with national systems and financing mechanisms.
	- Strong emphasis on maintaining community-embedded approaches, elevating Indigenous-led and women-led innovations, and ensuring grantees work within environments that can sustain scaling pathways.
	- Regional Technical Leads emphasized the importance of strategic geographic prioritization, including consideration of whether to maintain a global call for proposals or narrow eligibility to countries with conducive enabling environments, more mature MSME ecosystems, and stronger potential for scalable outcomes. These insights will guide decisions on AFCIA 2's geographic focus, replication pathways, investment linkages, and technical support modalities. To ensure inclusive participation, the programme will apply targeted, context-specific outreach and communication efforts informed by regional and country contexts, thematic priorities, and stakeholder mapping. This will help increase the diversity and quality of applications and enable the programme to attract high-potential, locally led adaptation innovations from civil society organizations and MSMEs.
UNEP-CTCN AFCIA	- Need for early and continuous engagement with national focal points, governments, and implementing partners to ensure coherence from the design stage of AFCIA 2.
	- Stronger demonstration of concrete, measurable, and commercially relevant impacts is required to attract private-sector engagement and enhance the scalability of CSOs and MSMEs.
	- Under the coordination services of UNDP-CTCN function, a shared M&E framework with common indicators on innovation, adaptation, and resilience should be established across AFCIA implementing partners to ensure coherent reporting and comparability.
	- Establishing a repository of projects, stakeholders, and sectors would facilitate cross-country and cross-sector collaboration, reduce silos, and strengthen alignment among AFCIA implementers.
	- Joint learning and communication activities (e.g., videos, web stories, webinars, communities of practice) should be planned from the outset under a coordinated communications strategy. In addition, they stressed the importance of adopting a joint communications strategy from the outset—leveraging videos, web stories, local media engagement, and grantee-generated visual content—to improve visibility, support knowledge sharing, and help avoid siloed approaches across AFCIA implementers.
	- Grantees should be encouraged to budget for visibility materials (e.g., professional photography), while country offices and partners collaborate on broader communication products and local media engagement.

	- Establishing a shared M&E framework with common innovation- and resilience-focused indicators that can be used consistently across implementing partners is critical. UNEP-CTCN also highlighted the benefits of creating a consolidated repository of country and sector activities, strengthening communities of practice, and facilitating regular cross-partner exchanges to enhance coherence and collective learning. - It is advised to maintain the AFCIA dashboard that remains simple, practical, and comparable across the different Implementing Partners.
Impact investment networks (AVPA, AVPN, Latimpacto)	- Need for stronger multi-sectoral collaboration and inclusion of vulnerable and marginalised communities in adaptation efforts. - Persistent financing barriers highlight the importance of flexible, context-appropriate capital and complementary capacity building. - Investors stressed the value of community-driven, locally led solutions and clear pathways for long-term sustainability and ownership transfer. - Significant disconnect between small local projects and investor expectations, requiring reframing of risk perceptions and stronger business model support. - Grantees need enhanced investment-readiness skills, including clearer communication and pitching capacity. - Lack of standardized metrics for resilience underscores the need for adaptable, context-sensitive measurement frameworks. - Political, safety, and contextual factors challenge climate resilience financing and should be better accounted for in design and risk assessment.
Private Sector-Sector agnostic Impact investors (Global Innovation Fund, Acumen, Six Capital, SAB Foundation)	- Catalytic capital is most valuable as an early validator and pipeline builder: it reaches solutions few others will fund, lets locally rooted innovators test and refine models, and acts as an "institutional ambassador" that makes later investors take them seriously. - The deepest barriers to investability are weak financial management and governance: poor or non-existent financial records, informal structures, over-extraction by founders, valuation mismatches, and thin documentation make otherwise promising solutions very hard to back. - Investors and catalytic funders are looking for clear proof of concept and product–market fit: paying clients, real invoices, movement towards breakeven, simple ownership structures, committed founders, and alignment with investor values and mandates. - High-impact technical assistance clusters around four areas: strategic finance (realistic projections, cashflow and capital-raising plans), go-to-market (customer, pricing, distribution at margin-positive unit economics), governance and compliance (boards, ESG, audited accounts), and team/talent (senior capacity and incentives). - Across consultations, the most effective programme support has been very practical: producing strong investor materials and organised data rooms, coaching founders on how to engage with investors, and using showcases and peer-learning events to build networks and visibility. - Early-stage grants are often best used in sequenced, milestone-based ways: first to experiment and validate key assumptions, then to close specific investor-readiness gaps, ideally after or within a structured accelerator-style process rather than as stand-alone cheques. - Co-funding and risk-sharing structures (e.g. pairing AFCIA solutions with impact funds, blending international climate capital with local sources like Broad-Based Black Economic Empowerment (B-BBEE) are seen as powerful tools to move "borderline but promising" deals over the line, especially when combined with clearer geographic or thematic focus. - Funders place real weight on the programme's own credibility: a track record of "finding

	gems," transparent and cost-effective grant governance, clear outcomes and success metrics, and UNDP's ability to connect ventures into markets, large institutional partners and follow-on investors are all central to whether they engage with AFCIA 2.
MBA Fellows that participated MBA Fellowship Programme in AFCIA 1	- AFCIA 1 TA was strongest because it was flexible, co-created and community-first, helping grantees with business plans, financial models, impact/data systems, localised marketing, digital literacy and linking to clear carbon and market pathways. - The hardest barriers to moving from pilots to investable scale were structural: insecure land tenure and control over natural resources in the case of indigienous communities, high verification/certification and due-diligence costs, weak supply chain and logistics, poor connectivity, and thin or poor-quality documentation and data - Many AFCIA 1 grantees had strong technical and impact foundations but were still clarifying their core model while being asked for "investor-ready" materials, with gaps in revenue strategies, basic financial projections, governance structures, outward communication and regular financial/impact reporting. - Stakeholders converged that AFCIA 2 should make matching and scoping more intentional: clearer project descriptions, categorisation by primary TA need and stage, preference matching, alignment calls, and time allocations calibrated to project maturity to avoid generic outputs. - Short but focused in-country or in-community engagement was repeatedly highlighted as critical for context, cultural fit and implementation, with physical visits producing more tailored and actionable outputs than purely remote support. - There is a clear need for simple, standard, but adaptable tools: step-by-step roadmaps from pilot to scale, shared templates and libraries, scenario-based financial models, and standard data-room structures that reduce duplication and transaction costs for both grantees and investors. - Fellows and grantees both asked for stronger peer learning and mentorship: thematic clusters for fellows, grantee-to-grantee exchanges, co-mentors with policy/market/technical expertise, structured orientation, continuity across cohorts and proper handover processes. - To better connect TA, financing and long-term sustainability, AFCIA 2 should help organisations shift from philanthropic NGO mindsets to revenue-generating social enterprises, build simple durable data/reporting systems (potentially supported by AI/automation), diversify revenue streams, and integrate governance strengthening and clearer career/visibility pathways for fellows.
Academia Partners (Professors – University of Oxford, University of Cape Town)	- Academic stakeholders see big untapped value in MSc/MBA fellows, but only if there is a dedicated "bridge" role that co-creates problem statements with grantees, turns them into clear briefs for students, and then ensures outputs are implemented rather than parked. - Grantees currently spend a lot of time explaining their context from scratch; short project videos, concise written cases and clear problem statements, prepared in advance, would let students arrive better oriented and free up time for real support. - Matching should be much more intentional: projects classified by primary need (finance, marketing, carbon/MRV, governance, etc.), students selected for relevant skills and interests, and early three-way alignment calls (grantee–student–programme) to agree scope, expectations and limits. Rather than only creating new tools, future student cohorts should help refine and implement existing tools, supported by stronger handover, shared repositories and staggered cohorts that build on each other's work over multiple years. - Knowledge and data management is a core bottleneck: organised folders, accessible documentation and common toolsets are essential if multiple cohorts are to work on the same organisations and if insights are to feed back into programme design and monitering, evaluation and learning. - For monitoring and quality assurance, self-reported grantee narratives and financials

	need to be complemented by light external evaluations, simple standardised Monitoring and Evaluation tools, and student projects that validate reported results in the field, with impact/ESG certifications or simplified "impact audits" used as higher-level quality signals where feasible.
Global Resilence Partnership	- Catalytic facilities like AFCIA create the most value when treated as structured learning engines rather than simple grant windows, using cohort-based cycles to surface what works, why, and under which conditions.
	- The biggest barrier to evaluating early-stage adaptation solutions is limited time and support to deeply understand the underlying problem and local context; once this clarity is achieved, assessing solution–fit becomes significantly easier.
	- The diversity of adaptation ventures—from tech-enabled tools to deeply community-rooted initiatives—requires experienced, hands-on mentors who can help organisations articulate the real problem and sharpen their models, rather than relying solely on generic TA or student projects.
	- The integrated package of grants, tailored technical assistance and intentional learning cycles is a clear strength; neither grants nor TA alone are sufficient without a strong learning loop that improves programme design over time.
	- Investor alignment depends as much on educating investors as preparing ventures; many capital providers struggle to clearly articulate expectations, so programmes need to shape investor understanding while maintaining a disciplined impact–scalability lens.
	- A persistent gap exists between proof of concept and early commercial viability; meaningful follow-on funding often takes several years, implying that AFCIA 2 should plan for longer-term support pathways rather than short project cycles.
	- For funders, the critical proof point remains evidence that "the model works": credible resilience outcomes, combined with a business or community engine that generates more value than it costs and can be scaled or replicated.
	- Strong, science-informed resilience measurement is essential: starting from a clear conceptualisation of resilience, then using mixed methods and systematic field engagement to understand community-level effects and feed back into programme design.

Future Stakeholder Consultations and Detailed Risk Assessments

As the project progresses at the implementation stage, further consultations will be conducted at the grantee level and specific project sites, once specific grantees and interventions are identified through the global open calls for proposals. These consultations will focus on localized engagement across diverse geographical and cultural contexts, particularly with vulnerable groups, women, Indigenous Peoples, and vulnerable communities, ensuring that interventions are tailored to the specific needs and priorities of the communities they aim to serve.

Grantee-level consultation approaches will be adapted to local contexts, languages, and cultural practices, utilizing participatory methods that enable meaningful engagement of all stakeholders, including those who may face barriers to participation due to literacy, mobility, language, or other factors. Consultations will be consistent with the principle of Free, Prior and Informed Consent (FPIC). Detailed stakeholder meeting summaries, responses to stakeholder comments, and stakeholder engagement plans will be included in the application forms and made available in locally appropriate formats and languages where feasible.

Additionally, context-specific risk assessments, gender action plans, and environmental and social management plans will be further developed in more detailed and refined, in consultation with affected communities and disclosed in accordance with the Adaptation Fund's policies and UNDP's Social and Environmental Standards, ensuring the safeguarding of vulnerable groups across all participating countries.

This consultative process ensures that the voices of all stakeholders, particularly vulnerable groups and those historically excluded from decision-making processes, are actively heard and incorporated into the project's design and implementation across diverse regional contexts. The phased approach allows for continuous learning, adaptation, and responsiveness to emerging challenges and opportunities, ensuring that the project remains aligned with the principles of the Adaptation Fund's Environmental and Social Policy and Gender Policy throughout its lifecycle.

Annex 6b. Stakeholder Engagement Plan During the implementation Phase, presents a high level workplan for future consultations, with an estimated timeline and the means to be utilized for the consultations (e.g. who will carry the consultations, how, and when).

K. Describe how the project/programme draws on multiple perspectives on innovation from e.g., communities that are vulnerable to climate change, research organizations, or other partners in the innovation space, in the context in which the project/programme would take place.

Incorporating Diverse Perspectives on Innovation from Different Stakeholders

The project draws on multiple perspectives on innovation by actively engaging a diverse range of stakeholders across participating countries, including local communities, research organizations, academic institutions, and development partners. Building on learnings and best practices from AFCIA 1, the project incorporates proven approaches while adapting them to new geographical and cultural contexts.

Communities most affected by climate change—including Indigenous Peoples, local communities, marginalized groups, women, youth, persons with disabilities, rural and remote populations, small-scale farmers, and urban informal settlement residents—are central to the project's innovation process, as they bring valuable lived experiences and unique insights into context-specific adaptation challenges. Their participation ensures that the solutions developed are culturally appropriate, contextually relevant, and grounded in the real-world needs of those who are most impacted by climate change across diverse global settings.

In addition to local and traditional knowledge systems, the project incorporates expertise from research organizations, academic institutions, and think tanks, whose findings help shape the technical and scientific aspects of the adaptation solutions. These research entities provide evidence-based approaches, innovative methodologies, and a deeper understanding of regional and global climate trends, which are crucial for developing scalable and sustainable solutions that can be adapted across different contexts.

The project also benefits from the MBA Fellowship Programme, which connects EMBA/MBA students from leading global business schools with grantees participating in the AFCIA 2 project. Drawing on experience from the previous phase, this programme has been refined to better match student expertise with grantee needs and to provide culturally sensitive mentorship. These students provide valuable expertise in business strategy, financial planning, market analysis, and scaling pathways, helping to refine and strengthen the business models of local organizations. By integrating academic insights with local adaptation efforts, the MBA Fellowship Programme ensures that innovative solutions are not only technically feasible but also financially sustainable and scalable across different economic contexts.

The project will continue to collaborate with the UNDP Country Offices and as an extension, with their national innovation ecosystems, regional climate centers, private sector partners, impact investors, non-profits, social enterprises, and networks of local adaptation practitioners across multiple regions. Drawing on lessons learned from the AFCIA 1 regarding effective partnership models and knowledge exchange mechanisms, the project fosters a multi-stakeholder environment that spans diverse geographical, economic, and cultural contexts. Through AIM, AFCIA 1 harnessed a broad network of technical and strategic partners, including ICCCAD, CDKN, LUCCC, GRP, Climate KIC, and UNCDF, to support its work and collaborated with impact investment networks like AVPN, AVPA, and Latimpacto to build private sector finance capacity in Asia Pacific, Africa and

Latin America and the Caribbean.

As part of the development of this proposal, the above mentioned partners have also provided inputs through a series of consultations. By integrating diverse perspectives from across these sectors and regions, the project ensures that adaptation solutions are not only innovative but also feasible, scalable, and adaptable to the changing realities of different countries and communities.

This approach encourages cross-pollination of ideas across borders and sectors, strengthens South-South, South-North and triangular cooperation, and enhances the project's ability to identify and implement effective, locally driven, and globally informed climate adaptation strategies. The project establishes peer learning networks and knowledge exchange platforms that enable grantees from different regions to share experiences, challenges, and innovations, building on the successful knowledge-sharing mechanisms piloted in the previous phase.

Through this inclusive and globally informed process, the supported solutions not only address the immediate needs of vulnerable communities but also contribute to the broader global climate resilience agenda, fostering long-term sustainability, innovation, and transformative change across participating countries and regions.

L. Provide justification for funding requested, focusing on the full cost of adaptation reasoning.

Justification for Funding Requested: Addressing the Full Cost of Climate Adaptation

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 1[188]. For vulnerable communities already on the frontlines of climate disruption, even modest improvements in preparedness can significantly reduce future fiscal, social, and environmental 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 has been designed to extend well beyond the scope of a standard grant initiative, but instead aims to act as a transformational mechanism. The funding request represents the comprehensive cost of generating adaptation impact through using a pipeline model strengthening and validating context-specific, growth-stage solutions, and positioning them for scale, investment and policy uptake. This approach is essential to closing the adaptation gap not only in volume, but in structure, equity and long-term impact.

Ensuring Sustainability of Project Outcomes in the Design Process

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188 Global Commission on Adaptation Report ADAPT NOW: A GLOBAL CALL FOR LEADERSHIP ON CLIMATE RESILIENCE #AdaptOurWorld. (2019). page 3.
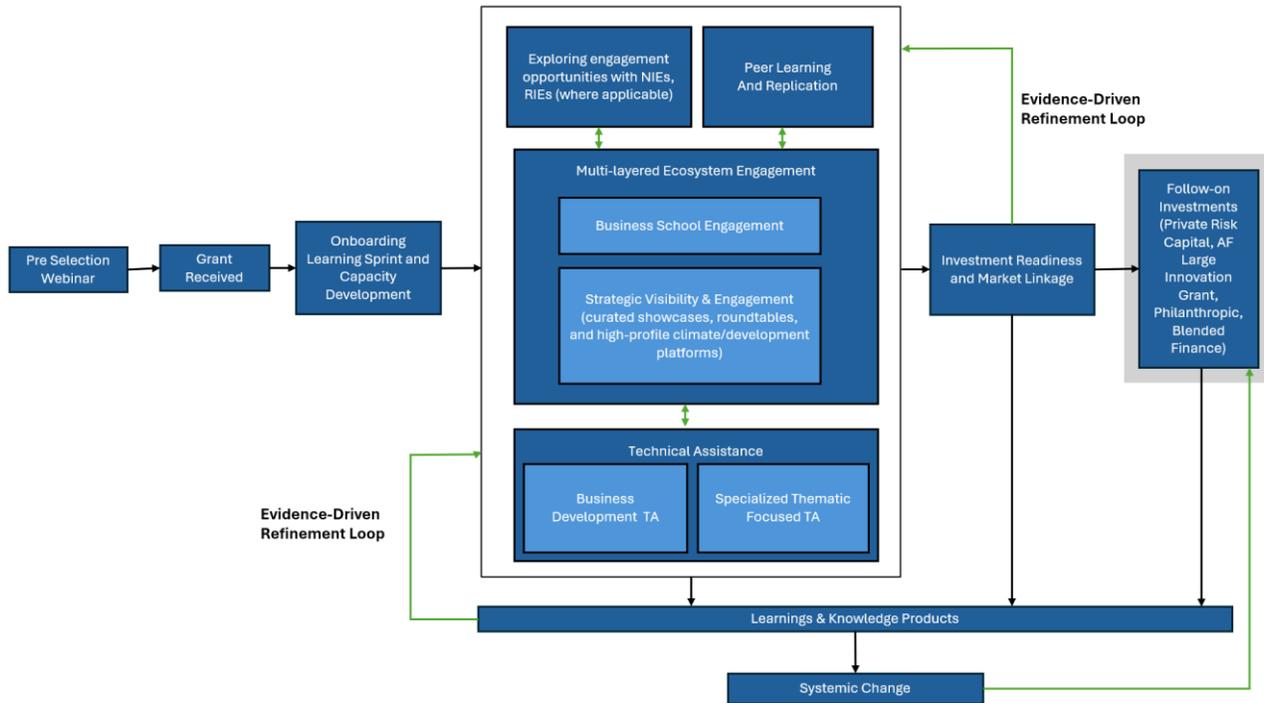
Figure 3: AFCIA 2's approach to sustaining grantee outcomes

Long-term dependence on grants is a significant risk for climate resilience initiatives, particularly those implemented by NGOs, CSOs and hybrid organizations, due to a lack of availability in follow-on funding. This is compounded by other structural vulnerabilities that due to their nature, are often felt more by local, smaller projects, including weak financial management systems and unclear unit economics; exposure to foreign exchange losses for models reliant on imported inputs; over-reliance on a small number of buyers or suppliers; policy and public-procurement delays; fragile supply chains; and the absence of a clear, time-bound sustainability or transition plans.

Long-term sustainability is a core pillar of the AFCIA 2 design, helping to shift local innovative projects from being grant reliant, to more self-sustaining and market friendly business models. This helps ensure that AFCIA 2 is an effective catalyst for durable, scalable climate resilience. The project "doubles-down" on sustainability from the outset by integrating forward-looking sustainability planning, strengthened financial governance, and deliberate, targeted support for institutional and organisational development.

Finally, AFCIA 2 seeks to extend the boundaries of a grant provider, to learn from lessons gained in AFCIA 1, and also to respond to system dynamics that place increasing pressure on the concessional funders to be even more innovative, catalytic and effective in the use of grant finance. Therefore, AFCIA 2 will consider the unlocking role of a grant provider within this lens, and will necessarily cascade this dual role (bridge between grant/development and the private sector) down to its local grantees (NGOs and CSOs that are aiming to scale into market friendly solutions). The sustainability strategy and expected outcomes will therefore reflect the duality of the funding landscape. Figure 3 illustrates AFCIA 2's end-to-end approach to sustaining grantee outcomes beyond the grant period, by combining tailored technical assistance and ecosystem engagement with structured investment readiness and market linkage. The approach is designed not only to strengthen each grantee's organizational and financial capacity, but also to translate implementation evidence into replicable learning and knowledge products that inform broader practice.

Crucially, AFCIA 2 positions these learnings as an enabling mechanism for system-level change—shaping how private and institutional capital identifies, assesses, and engages with climate adaptation innovations.

Through the evidence-driven refinement loops shown in Figure 3, lessons from delivery are continuously fed back into programme support and market engagement, improving the quality of the investment pipeline and reducing friction for follow-on financing (including DFI, impact, philanthropic, and blended finance pathways).

The AFCIA 2 will ensure the sustainability of project outcomes using the following approaches:

Sustainability of project outcomes: AFCIA 2 will help communities adopt and sustain their initiatives over time beyond the life of the project through drawing on the strengths of locally led adaptation by focusing on community ownership and employing flexibility with the project to respond to local needs.

Through flexible programming, the use of community-defined indicators shall help to foster local ownership, creating more relevant, effective and impactful solutions for the local context

Fostering relationships with innovative partners, while aiding in the testing and refinement of solutions as part of the innovation and learning process to ensure the long-term effectiveness, resilience and sustainability of solutions.

To support the transition from testing to replication and scaling, AFCIA 2 will provide sequenced, hands-on support that enables successful grantee solutions to validate their models, strengthen the evidence base, and develop replicable approaches. This will allow innovations that have demonstrated results in one context to be adapted and applied across new geographic and sectoral settings, expanding their reach and impact.

Policy and institutional mechanisms will further sustain innovation ecosystems beyond the programme's lifetime. By ensuring alignment with NAPs, NDCs, TNAs and TAPs, facilitating engagement with NIEs (where applicable), and connecting innovators to public-sector pipelines, AFCIA 2 will help embed validated models into long-term national systems. As indicated before, through AIM and the AFCIA Partnership platforms and mechanisms, and UNDP's existing networks of multiple stakeholders (including governments, investors and knowledge partners), the AFCIA 2grantees will continue to access, adopt, and scale proven models long after project closure.

Impact on the grantee: **Capacity Building for Institutional and Financial Sustainability:**
AFCIA 2 places sustainability at the core of its support model, aiming to ensure that climate resilience initiatives are impactful in the short term and structurally equipped to endure, grow, and mobilise resources beyond the grant period. The project adopts a capacity-building approach that seeks to embed practical systems, sound financial governance, and disciplined sustainability planning from the outset. This ensures that grantees develop the institutional strength, financial resilience, and strategic clarity required to sustain and scale their impact over time. To translate this vision into practice, AFCIA 2 establishes clear sustainability requirements and provides structured support to help grantees meet them. The following elements ensure that partners build strong foundations for long-term institutional and financial resilience:

a. **Upfront Sustainability Planning and Financial Integrity**: All successful grantees must have shown a clear and credible pathway for technical, financial, and operational sustainability. including evidence of either potential co-financing or self-sustainability, a fundraising strategy, and identification of relevant long-term partners. Furthermore, financial integrity and institutional transparency are ensured through strict compliance with UNDP's financial management regulations. Financial audits will be conducted in accordance with UNDP Programme and Project Management Policies, ensuring the institutional trust necessary for future investment.

b. **Mandatory Exit Strategy and Risk Mitigation**: An exit strategy and risk mitigation strategy will be required for each grantee. In this context, the exit strategy is a pre-defined plan outlining how the grantee will achieve full or partial financial and operational independence and sustained impact after AFCIA 2 support ends, focusing on clear pathways for scaling and securing subsequent funding (from either public or private sources). This requirement ensures that the support provided to each grantee leads to long-term self-reliance; this transition is actively supported by dedicated technical assistance

that guides the grantees toward their best position to secure follow-on capital and achieve self-sustainability and reliance. Identified risks will be fully integrated into the TA support to develop and implement proactive mitigation strategies. AFCIA 2 will support grantees operating under a purely NGO/CSO model to transition toward a hybrid structure (non-profit plus social enterprise spin-offs). This model has been proven to enhance long-term sustainability and create a crucial pathway for attracting private risk capital, as successfully demonstrated by SAMPLE Uganda Aquaculture Association, AFCIA 1 grantee. AFCIA 2 grantees will also support few MSMEs through innovation challenges or grants, as a main differential to AFCIA 1 (which only focused on NGOs and CSOs).

Strengthening the Feedback Loop: AFCIA 2 reinforces a culture of accountability, adaptive learning, and continuous performance improvement across its portfolio. By embedding structured feedback mechanisms, the project ensures grantees evolve into stronger, more resilient and investment-ready organisations over time. More information can be found in section I of the proposal.

Failure Learning Protocol: AFCIA 2 will establish a safe mechanism for grantees to confidentially share lessons from technical setbacks, market rejections, or unsuccessful pilots. Insights gathered through this Failure Learning Protocol will be anonymised and synthesised into practical guidance for the entire portfolio, accelerating collective learning and enabling rapid course-correction. This approach fosters a culture of transparency, innovation, and adaptive management—ensuring that challenges become shared assets rather than isolated setbacks.

Multi-layered Ecosystem Engagement for Long-Term Systemic Change: MBA Fellowship Programme and AFCIA 2's engagement with leading GNAM business schools and with broader innovation ecosystems will further enhance sustainability by facilitating continuous cross-sector collaboration and the showcasing of successful scaling. This is particularly important for the catalysing and influencing of currently unlocked capital: many funders have the desire to invest in resilience, but lack the pathways, knowledge and importantly the successful case studies and examples on how to do this. AFCIA 2 aims to support in this bridging in several ways:

a. **Safe Space and Knowledge Dissemination to interested funders:** Universities provide a safe space for dialogues and discussions around climate resilience models that might be too sensitive or nascent for public policy debate, accelerating idea refinement. They also act as a channel to spread the word and conduct research on scaling mechanisms.

b. **Building Future Levers of Change:** Through AFCIA 2, EMBA/ MBA fellows gain hands-on exposure to locally led adaptation models, community priorities, and the practical realities of delivering climate resilience on the ground, The AFCIA 2 MBA Fellowship Program allows them to take this learning into their places of work and influence, to better assign and allocate capital based on a more nuanced and deeper grasp of local adaptation.

• **Pathways to Scaling Up**: Securing the Systemic Foothold to Scale AFCIA 2 goes beyond strengthening individual organisations and enterprises—it embeds locally led innovations into the wider policy, market, and institutional systems needed for long-term scale and durability (Figure 4 illustrates the ecosystem linkages). PMU, in coordination with UNDP Country Offices will support the identification and assessment of potential scaling pathways at local, regional, and global levels. This will include context-specific ecosystem mapping and, where relevant, engagement with national institutions such as Designated Authorities (DAs), National Implementing Entities (NIEs), alongside other public, private, and development partners, to inform opportunities for scaling and sustainability. AFCIA 2 supports grantees to secure legitimacy, demand, and integration into national adaptation, innovation and financial priorities, while also preparing their leadership to manage growth and navigate complex ecosystems.
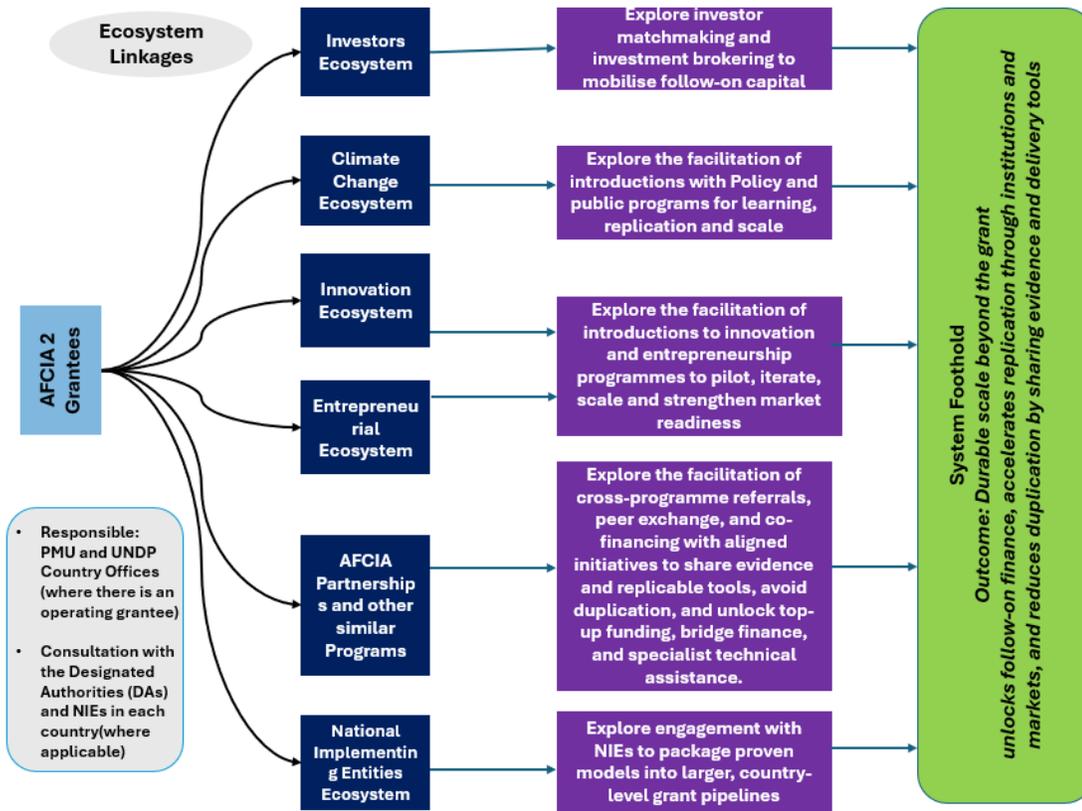
Figure 4: Ecosystem Mapping for Scaling Pathways

a. **Identifying the "right" enabling environments:** AFCIA 2 prioritizes early alignment with national and regional climate adaptation priorities, ensuring solutions are not developed in isolation but aligned with relevant policy and institutional frameworks. Working closely with UNDP Country Offices and their associated adaptation, innovation, entrepreneurship and climate finance ecosystem actors, AFCIA 2 will explore ways to transition successful models from "project status" into broader public or private sector, through learning and information-sharing processes. This could be done, for example, by documenting in detail and showcasing successful grantee case studies that scaled or replicated thanks to appropriate enabling environments in a particular country.

b. **Engagements with National Implementing Entities (NIEs):** As another pathway for scaling up, AFCIA 2 will actively work on identifying and supporting engagements between NIEs and grantees. Building on the partnerships and lessons from AFCIA 1 and other multilateral agencies implementing the AFCIA Partnership and other AF-Innovation or LLA Grants, the project will also explore opportunities to aggregate promising solutions and pursue engagements with NIEs for larger, country-level grants to help unlock further resources from the Adaptation Fund or other potential funding sources. Where innovations demonstrate strong performance and clear potential for scale, AFCIA 2 will *selectively* operationalize engagements with relevant National Implementing Entities (NIEs through a structured and time-bound process facilitated by the PMU in collaboration with UNDP Country Offices). During the final year of the grant implementation cycle, the PMU may identify a small number of scale-ready

innovations and, on an indicative basis, support initial dialogue between grantees and interested NIEs. Subject to mutual interest and alignment with NIE priorities and Adaptation Fund programming cycles, this support may include facilitating exploratory discussions, sharing lessons and evidence generated, and providing light-touch assistance toward the development of concept ideas or potential integration into existing or pipeline projects. This piloting approach ensures that successful innovations are anchored within national and Adaptation Fund delivery mechanisms, thereby strengthening the long-term sustainability and scaling potential of programme outcomes beyond the duration of the small grants. These engagements will be intended to strengthen learning, readiness, and visibility of high-potential solutions, rather than to predetermine specific scaling or financing outcomes.

c. **Investment Readiness and Market Linkage:** As illustrated in Figure 5, AFCIA 2 embeds investment readiness and market linkage within the broader technical assistance (TA) pathway to help grantees scale. AFCIA 2 will provide tailored brokering and facilitation of connections with Development Finance Institutions (DFIs), impact investors, and other relevant financial actors, helping to showcase grantees and support their transition from grant reliance to more diversified funding pathways.

Investment readiness will be accelerated through targeted, hands-on TA that strengthens the practical capabilities required to engage confidently with external capital providers—such as business model refinement, governance and operational readiness, financial management and reporting, impact evidence and results articulation, and investor-facing materials. This support aims to "exit" the grantees with high-quality skillsets, as well as financial and organizational documentation that enables them to meet and withstand rigorous investor due diligence processes of a range of funders.

At the mid-point of the TA phase, the PMU will undertake a structured maturity and readiness assessment to segment grantees into one of three pathways (Figure 4), enabling differentiated support that is fit for purpose and appropriate to grantee life stage, and the most viable route to follow-on resources:
- Category 1 – Market-ready innovations: demonstrated demand and revenue or cost recovery, with a market-facing delivery model in place and readiness for follow-on capital.
- Category 2 – Scale-ready innovations: a credible pathway towards partial cost recovery, but requiring additional technical and/or financial support to scale and qualify for market-ready investment.
- Category 3 – Public-good anchored innovations: high social returns with limited monetisation potential, yet essential context-specific solutions that are best sustained through public finance and grant-based mechanisms.

This segmentation will directly shape the PMU's follow-on TA and investment brokering approach. Category 1 will receive targeted introductions and deal support with private and commercial financiers (including blended finance facilities and larger grant windows). Category 2 will be prioritized for intensified TA alongside linkages to concessional and blended finance options and small-to-medium grant pipelines. Category 3 will be supported through tailored capacity building, strategic visibility, and linkage to public funding channels and institutional adoption pathways. Overall, by matching support to readiness (Figure 5), AFCIA 2 strengthens the investable pipeline, reduces transaction costs for both innovators and financiers, and increases the likelihood that proven solutions transition beyond grant dependency ensures long-term sustainability and sustained scale.
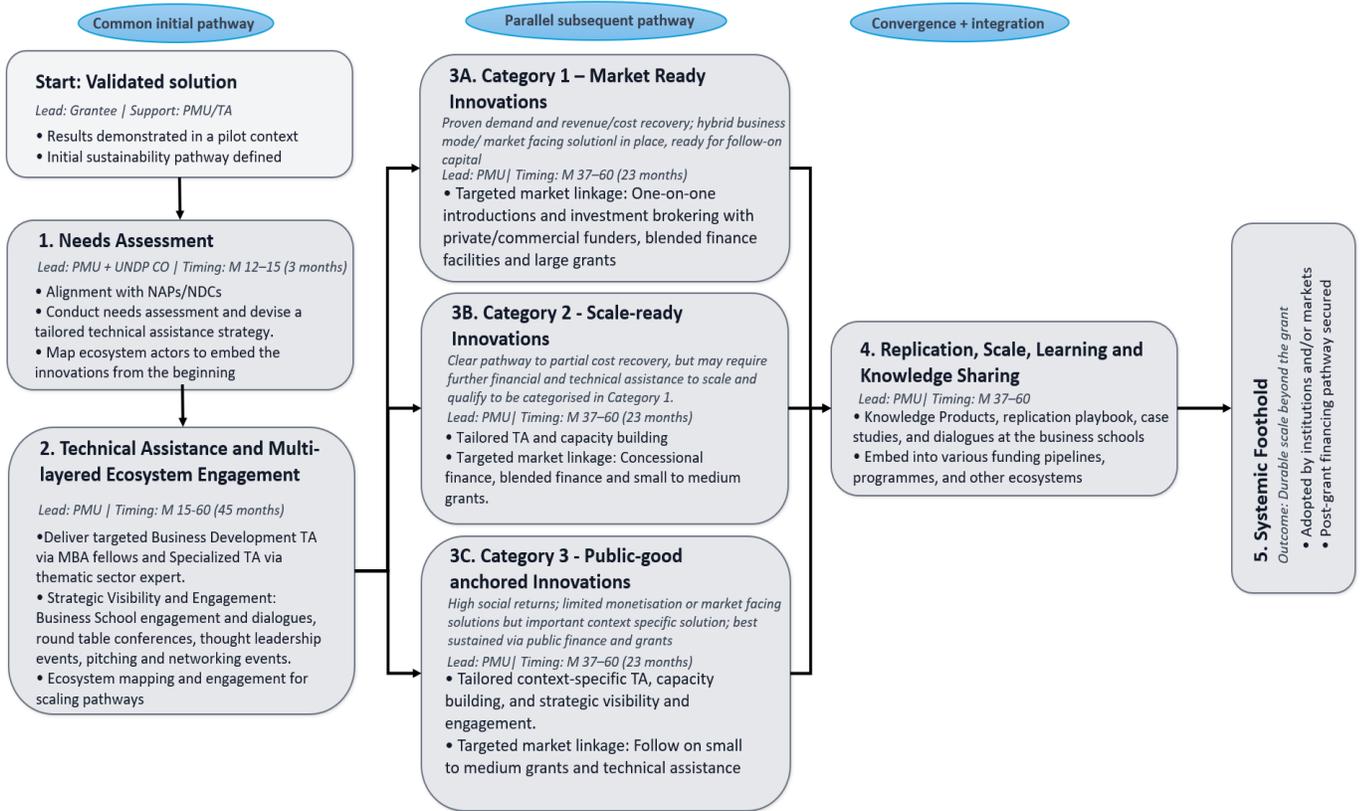
Common initial pathway

Start: Validated solution
Lead: Grantee | Support: PMU/TA
• Results demonstrated in a pilot context
• Initial sustainability pathway defined

1. Needs Assessment
Lead: PMU + UNDP CO | Timing: M 12–15 (3 months)
• Alignment with NAPs/NDCs
• Conduct needs assessment and devise a tailored technical assistance strategy.
• Map ecosystem actors to embed the innovations from the beginning

2. Technical Assistance and Multi-layered Ecosystem Engagement
Lead: PMU | Timing: M 15-60 (45 months)
• Deliver targeted Business Development TA via MBA fellows and Specialized TA via thematic sector expert.
• Strategic Visibility and Engagement: Business School engagement and dialogues, round table conferences, thought leadership events, pitching and networking events.
• Ecosystem mapping and engagement for scaling pathways

Parallel subsequent pathway

3A. Category 1 – Market Ready Innovations
Proven demand and revenue/cost recovery; hybrid mode/ market facing solutionl in place, ready for follow-on capital
Lead: PMU| Timing: M 37–60 (23 months)
• Targeted market linkage: One-on-one introductions and investment brokering with private/commercial funders, blended finance facilities and large grants

3B. Category 2 - Scale-ready Innovations
Clear pathway to partial cost recovery, but may require further financial and technical assistance to scale and qualify to be categorised in Category 1.
Lead: PMU| Timing: M 37–60 (23 months)
• Tailored TA and capacity building
• Targeted market linkage: Concessional finance, blended finance and small to medium grants.

3C. Category 3 - Public-good anchored Innovations
High social returns; limited monetisation or market facing solutions but important context specific solution; best sustained via public finance and grants
Lead: PMU| Timing: M 37–60 (23 months)
• Tailored context-specific TA, capacity building, and strategic visibility and engagement.
• Targeted market linkage: Follow on small to medium grants and technical assistance

Convergence + integration

4. Replication, Scale, Learning and Knowledge Sharing
Lead: PMU| Timing: M 37–60
• Knowledge Products, replication playbook, case studies, and dialogues at the business schools
• Embed into various funding pipelines, programmes, and other ecosystems

5. Systemic Foothold
Outcome: Durable scale beyond the grant
• Adopted by institutions and/or markets
• Post-grant financing pathway secured

Figure 5: Scaling Pathways: Investment readiness operational flow

d. **Operational Longevity through Organizational Capacity Building:** Long-term sustainability is supported by ensuring the leadership team can effectively scale the organization itself. AFCIA 2's expanded TA, through its relationship with business schools, will focus on strengthening the executive board's ca

e. Capacity to manage rapid growth, specifically aiding in the implementation of hybrid governance structures. This includes supporting the leadership in developing internal structures for talent retention and succession planning around key operational and financial roles, securing the organization's future capacity.

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.

AFCIA 2 is not just a grant project; 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 15 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.

Alignment and collaboration with NIEs, RIEs and MIEs: As outlined under the project components, AFCIA 2 will organize innovation showcases, solution fairs, regional dialogues and investment roundtables, and will generate knowledge and communication products that will be shared with MIEs, RIEs and NIEs (as applicable) through AFCIA collaboration and coordination mechanisms led by the UNEP-CTCN Coordination Project. These efforts will elevate grantee solutions across global and regional platforms—including the AFCIA coordination platform—expand their visibility within the wider AFCIA ecosystem, and strengthen pathways for integration into national systems and policy processes.

This multi-layered collaboration across different entities working in the innovation for adaptation space, will serve as a strategic catalyst for embedding tested innovations into policy frameworks and investment pipelines, ultimately magnifying the programme's contribution to long-term, systemic climate resilience.

Connection and synergies with appropriate innovation, adaptation and financing national ecosystems:

In addition, AFCIA 2 will reinforce long-term sustainability by strengthening deliberate connections and synergies with appropriate national innovation, adaptation, and financing ecosystems. The programme will work closely with UNDP Country Offices, Small Grants Programme (SGP) Coordinators through "national support focal points" to ensure that grantees are effectively positioned within the institutional and market environments most relevant to their growth. These focal points will play a catalytic role in guiding grantees toward national platforms, networks, and financing pathways that extend beyond the project's lifecycle. At the local level, AFCIA 2 will foster linkages with community structures, cooperatives, local authorities, and civil-society partners to ensure that project learnings, evidence, and tested models inform broader government-supported programmes and can be absorbed into ongoing initiatives. By embedding grantees within these interconnected ecosystems, AFCIA 2 strengthens the prospects for replication, enhances demand for successful solutions, and supports their transition into durable, nationally anchored adaptation and innovation pathways.

M. Provide an overview of the environmental and social impact and risk screening process that will be put in place for the subgrant project.

Overview of Environmental and Social Impact and Risk Screening Process

As the specific small-grant activities under AFCIA 2 will be identified only during implementation, all sub-grants will be treated as Unidentified Sub-Projects (USPs) in line with the Adaptation Fund's *Updated Guidance for Implementing Entities on the Use of USPs*. The project has developed an Environmental and Social Management Framework (ESMF) and uses UNDP's Social and Environmental Screening Procedure (SESP) to operationalize the project-level Environmental and Social Management System (ESMS). These instruments define the procedures for screening, categorizing, approving, and monitoring all sub-projects once selected.

Screening and Categorization Process

Once a grant proposal is submitted, UNDP as Implementing and Executing Entity will apply the following steps:

1. **Initial Eligibility Screening:**
   Submissions are reviewed against AFCIA 2 eligibility criteria, including thematic relevance, innovation potential, and compliance with the Adaptation Fund's policies on safeguards and gender.

2. **Environmental and Social Screening (SESP):**
   Each USP will undergo a structured SESP screening to identify potential environmental and social risks. The results will assign the USP to a risk category (low/moderate/substantial/high) as per AF and UNDP standards.

3. **Determination of Required Safeguard Instruments:**
Grantees will be required to prepare simplified specific instruments (e.g., ESMP, Gender Action Plan, stakeholder engagement plan). Depending on the categorization, they may be required to develop more detailed and targeted risk mitigation frameworks, ESMPs, and GAPs, with technical support from the PMU and safeguard experts.

4. **Review and Approval:**
The PMU reviews all safeguard instruments for quality and compliance before approving the USP. Higher-risk sub-projects will undergo an additional peer review and clearance by UNDP safeguard specialists.

Selection and approval mechanism of grants

A transparent, competitive, and inclusive selection process will be used, consisting of:

- **Open call for proposals**, with outreach to NGOs and CSOs working or led by women, youth, Indigenous Peoples, people with disabilities and other vulnerable groups. MSMEs will also be invited to apply for a smaller, specific windows of the AFCIA 2 call for proposals.
- **Clear evaluation criteria** published in advance (innovation potential, climate rationale, feasibility, Environmental and Social risk acceptability).
- **Independent review panel** comprising the AFCIA PMU, and the Gender and Safeguards specialist.
- **Approval thresholds** based on grant size and Environmental and Social Risk category, with upper moderate (e.g. Moderate risk with heightened impact likelihood, sensitivity, or migration complexity) proposals requiring additional clearance.
- **Onboarding Learning Sprint** which includes essential training on safeguards and gender-responsive approaches to enhance grantees' proposals before implementation.

Roles and Responsibilities

- **Implementing Entity (UNDP):**
Leads Environmental and Social screening, provides technical support to grantees, approves categorization and safeguard instruments, ensures disclosure, and follows up with each grantee and ensures comprehensive reporting to the Adaptation Fund.

- **National Support Focal points (in UNDP Country Offices where there is an AFCIA grantee):**
Facilitate outreach, support grantees in completing screening tools, support with specific aspects of implementation and troubleshooting, and flag any changes in risk profile.

- **Grantees:**
Prepare required documentation (simplified SESP, ESMP, and GAAP formats to be provided by the AFCIA PMU), implement mitigation measures, and report on compliance.

Monitoring, Reporting, and Learning Across USPs

All USPs will be monitored through:

- **Periodic safeguard compliance checks** using tools in the ESMF
- **Site visits** by the AFCIA PMU or National Support Focal points (in UNDP Country Offices)
- **Annual reporting** on implementation of mitigation measures
- **Adaptive management**, updating safeguard plans as needed

The lessons that emerge from the environmental and social risk management across all projects will be

documented and shared across the AFCIA network through regional learning events and knowledge products.

Overview of Environmental and Social Impacts and Risks Relevant to the Project
(further detailed in Annex 4)

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
Compliance with the Law UNDP SES Accountability Principle		X
Access and Equity UNDP SES Human Rights Principle		X
Marginalized and Vulnerable Groups UNDP SES Human Rights Principle		X
Human Rights UNDP SES Human Rights Principle		X
Gender Equity and Women's Empowerment UNDP SES Gender Equality and Women's Empowerment Principle		X
Core Labour Rights UNDP SES Standard 7 Labour and Working Conditions		X
Indigenous Peoples UNDP SES Standard 6 Indigenous Peoples		X
Involuntary Resettlement UNDP SES Standard 5 Displacement and Resettlement		X
Protection of Natural Habitats UNDP SES Standard 1 Biodiversity Conservation and Sustainable Natural Resource Management		X
Conservation of Biological Diversity UNDP SES Standard 1 Biodiversity Conservation and Sustainable Natural Resource Management		X
Climate Change UNDP SES Standard 2 Climate Change and Disaster Risks		X
Pollution Prevention and Resource Efficiency UNDP SES Standard 8 Pollution Prevention and Resource Efficiency		X
Public Health UNDP SES Standard 3 Community Health, Safety and Security		X
Physical and Cultural Heritage UNDP SES Standard 4 Cultural Heritage		X
Lands and Soil Conservation UNDP SES Standard 1 Biodiversity Conservation and Sustainable Natural Resource Management		X

(Table 3: Overview of Environmental and Social Impacts and Risks Relevant to the Project)

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PART III: IMPLEMENTATION ARRANGEMENTS
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A.Describe the arrangements for project / programme management at the regional and multi-regional level, including coordination arrangements within countries and among them. Describe how the potential to partner with national institutions, and when possible, national implementing entities (NIEs), has been considered, and included in the management arrangements.

1. Project Management and Oversight Arrangements

1.1.   UNDP as Implementing Entity (IE) and as Executing Entity (EE)

UNDP will serve as the Implementing Entity (IE) for AFCIA 2 bearing responsibility for the oversight of the project in full compliance with the AF and UNDP policies, regulations and procedures. UNDP shall ensure compliance with fiduciary, procurement, legal, gender, and safeguard standards throughout the project cycle, and will serve as the project assurance function within the project governance structure.

As a Multilateral Implementing Entity, UNDP provides also end-to-end project oversight services, including specialized technical advice through the Regional Technical Specialist (RTA) and Head of Climate Change Adaptation (PTA) for the executing team, financial, legal, safeguards and gender oversight services, the Mid-term evaluation (MTR)[189], the Terminal Evaluation costs and the Baseline/Inception Report costs, 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. A detailed breakdown of the IE costs is presented in **Annex 8.**

UNDP shall also serve as the Executing Entity (EE) for this project, drawing upon the expertise and operational reach of global and regional teams, including UNDP´s Local Action Team, UNDP Innovation Facility, SDG Finance Hub, the five UNDP Regional Bureaus (for Africa, Asia and the Pacific, the Arab States, Latin America and the Caribbean and Europe and Central Asia) and will leverage as needed the existing network of over 150 country offices, to ensure alignment with national priorities, identify synergies and facilitate integration with existing adaptation, innovation and finance ecosystems. Building upon UNDP' s existing networks, the project will be structured to promote cross coordination across grantees, engagement with key stakeholders in country, to help foster knowledge sharing, peer learning, and the transfer of innovative practices across regions.

As the Executing Entity under the DIM modality, UNDP is directly responsible for the execution of the project. Thereby, the Project Execution Costs include expenditures to be incurred by UNDP directly in the provision of

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189 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

services related to operational and administrative support activities carried out. The global project proposal provides a detailed estimation and description of the project execution costs, at the level of 3% of the total project budget (kindly refer to **Annex 8**). While this exceeds the 1.5% cap set by the Adaptation Fund Board for initiatives implemented and executed by the same Implementing Entity, the request is made on an exceptional basis in line with item (b) iii of Decision B.38/42.

The higher execution costs are justified by the programmes´ operational requirements and covers essential administrative and project management support personnel needed to administer a large-scale, global project, with multiple grants and transactional services across numerous small organizations (NGOs/CSOs and MSMEs). Consequently, the operational burden is greater in ensuring robust coordination, transparency, and accountability. Operational demands are further heightened by the project's design, which necessitates the provision of support at both global, regional and national levels, as well as sustained engagement with community organizations across multiple countries. To ensure effective implementation, this structure requires operational and administrative backstopping, and real-time, in-country problem-solving all requiring a significant operational budget.

The higher execution costs ensure that project activities are implemented efficiently, accurately, and in compliance with operational standards, while remaining responsive to the specific needs of each grantee and maintaining sufficient flexibility to provide tailored support which may have greater implications for administrative and project management costs. This one-on-one dedicated administrative and operational support was one of the most valued characteristics during the implementation of UNDP-AFCIA 1 as expressed by the participating grantees, because it allowed them to conclude their LVGA´s implementation with following an adaptative management process throughout the process.

1.2. *General Implementation Arrangements*

As part of this project, UNDP shall establish a Global Project Management Unit (PMU) (Refer to Organigram below and in **Annex 10**) to serve as the central coordination and support hub that will directly execute the project using a global Direct Implementation Modality (DIM). The PMU will be in charge of project implementation, ensuring project coherence and providing comprehensive management support. The global PMU will be based in UNDP's Office in Bonn with key managerial and operational positions, to optimize cost-efficiency, facilitate engagement with stakeholders and support streamlined delivery across geographies. The PMU will be integrated by a Project Manager, a Finance and Operations Analyst, a Procurement Analyst, and a Project Associate as the core operational personnel to be placed in UNDP´s Bonn Office.

To support the achievement of the three Outcomes (1, 2, and 3), the project will draw on the expertise of specialized professionals across key technical and operational domains. The project will establish in-house technical expertise that will consist of specialists in Investment and Partnership Development, Grant Coordination and Data Analysis, Learning and Knowledge Management Coordinator, Communications, Business Development, Safeguards and Gender. This structure builds on the successful approach implemented under AFCIA 1.
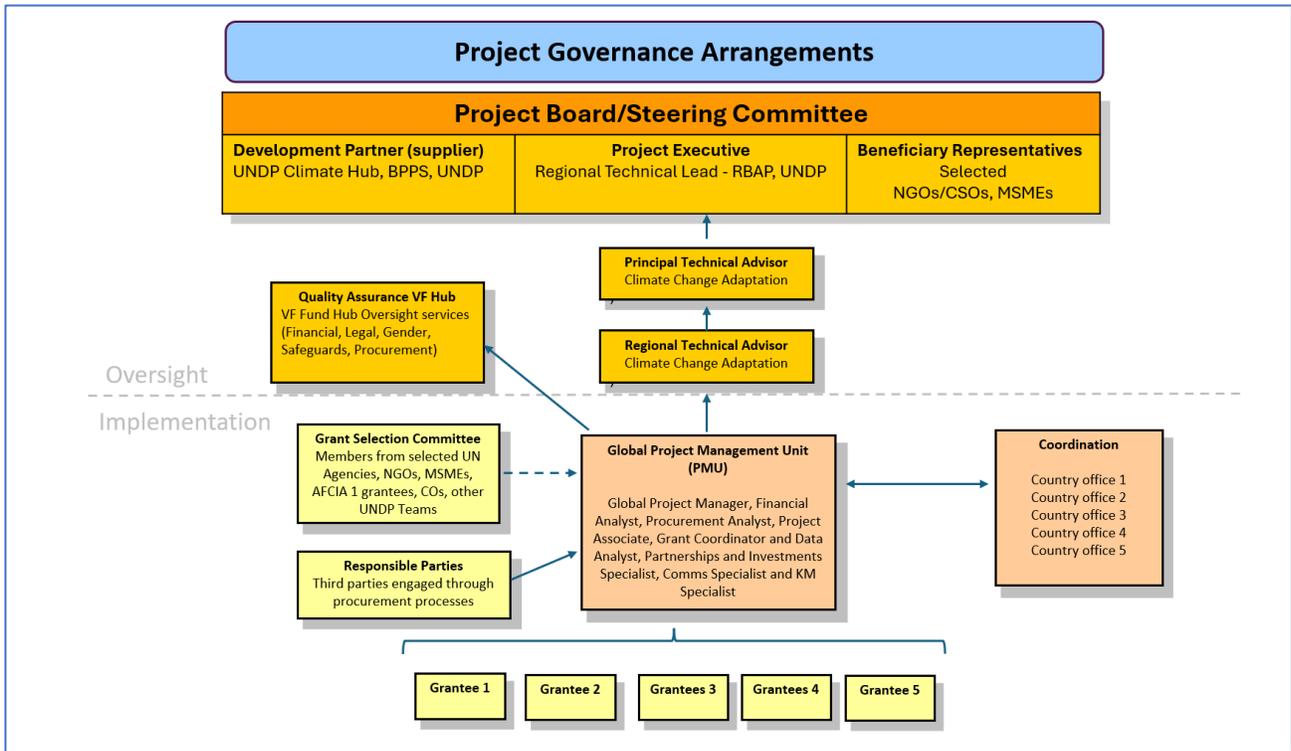
Figure 6 : Project Organigram

The experts will contribute directly to the delivery of each outcome:

- Outcome 1, selected experts will strengthen systems for identifying and supporting high-potential, locally led adaptation innovations.
- Outcome 2, they will facilitate investment readiness, foster strategic partnerships, and enhance integration into adaptation finance ecosystems;
- Outcome 3, they will ensure that evidence, lessons, and knowledge generated from implementation are effectively documented, communicated, and leveraged to inform replication, government programmes, and investment practices.

Due to the non-core operational nature of these roles, some positions may be home-based to optimize efficiency, minimize project overhead costs, and ensure cost-effective delivery of high-quality support to the project. This hybrid model of having key positions based in a selected duty station, plus remote specialists, proved to work well in AFCIA 1 and reduce costs.

UNDP will ensure consistent application of the project-level ESMS by using standardized screening tools, review procedures, and safeguard requirements outlined in the ESMF and SESP. A central registry of all approved USPs will be maintained by the Project Team, capturing screening outcomes, risk categorizations, required safeguard instruments, disclosure actions, and monitoring updates. To ensure quality and compliance, a dedicated Gender and Safeguard Expert will provide ongoing guidance to grantees. In addition, all selected innovations will participate in a tailored onboarding learning sprint, which includes essential training on monitoring, evaluation and reporting, gender-responsive approaches, and lite business development. The sprint serves as the primary entry point for establishing core operational disciplines across the portfolio, including articulation of a clear outcomes model, development of basic unit economics, and the early adoption of systematic data-capture practices covering financial, operational, impact, and gender-related information.

As a Multilateral Implementing Entity, UNDP provides also end-to-end project oversight services, including specialized technical advice through the Regional Technical Specialist (RTA) and Head of Climate Change Adaptation (PTA) for the executing team, financial, legal, safeguards and gender oversight services, the Mid-term evaluation (MTR)[190], the Terminal Evaluation costs and the Baseline/Inception Report costs, 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. A detailed breakdown of the IE costs is presented in **Annex 8.**

2. Detailed Governance Arrangements, Roles and Responsibilities

a) Roles of the Project Management Unit (PMU)

The PMU will be responsible for day-to-day operations, overall management, ensuring project coherence, the preparation and implementation of work plans and annual audit plans; preparation and operation of budgets and budget revisions; disbursement and administration of funds; recruitment of national and international consultants and personnel; financial and progress reporting; and monitoring and evaluation.

Specific tasks of the PMU include:

- Procurement of goods and services, including human resources;
- Financial management and reporting, including ensuring that financial expenditures are aligned against project budgets;
- Approving and signing the multiyear work plan;
- Approving and signing the combined delivery report at the end of the year;
- Signing the financial report or the funding authorization and certificate of expenditures.:
- Manage the overall conduct of the project.
- Plan the activities of the project and monitor progress against the approved workplan.
- Execute activities by managing personnel, goods and services, training and low-value grants, including drafting terms of reference and work specifications, and overseeing all contractors' work.
- Monitor events as determined in the project monitoring plan, and update the plan as required.
- Provide support for completion of assessments required by UNDP, spot checks and audits.
- Manage requests for the provision of UNDP financial resources through funding advances, direct payments or reimbursement.
- Monitor financial resources and accounting to ensure the accuracy and reliability of financial reports.
- Monitor progress, watch for plan deviations and make course corrections when needed within project board-agreed tolerances to achieve results.
- Ensure that changes are controlled and problems addressed.
- Ensure the communication and visbility plan is implemented accordingly.
- Perform regular progress reporting to the project board as agreed with the board, including measures to address challenges and opportunities.
- Prepare and submit financial reports to UNDP on a regular basis (milestone-bound).
- Manage and follow up the project risks – including social and environmental risks - initially identified and submit new risks to the Project Board for consideration and decision on possible actions if required; update the status of these risks by maintaining the project risks log;
- Capture lessons learned during project implementation.
- Prepare revisions to the multi-year workplan, as needed, as well as annual and quarterly plans if required.
- Prepare the inception report no later than one month after the inception workshop.

- Assess major and minor amendments to the project within the parameters set by UNDP & AF
- Monitor implementation plans including the gender action plan, stakeholder engagement plan, and any environmental and social management plans;
- Monitor and track progress against the donors' required result framework.
- Provide information as required by the MTR and TE Evaluation process, facilitate coordination of field visits and interviews as required.

b) Project Board

The Project Board is the governing body of the project. It is responsible for the overall strategic steering of the project activities. The Board takes corrective action as needed to ensure the project achieves the expected results. In order to ensure UNDP's ultimate accountability, Project Board decisions should be made in accordance with standards that shall ensure management for development results, best value for money, fairness, integrity, transparency and effective international competition.

In case consensus cannot be reached within the Project Board, UNDP senior management (or their designated) will mediate to find consensus and, if this cannot be found, will take the final decision to ensure project implementation is not unduly delayed.

Specific responsibilities of the Project Board include:

- Approve the TORs for the Governance Arrangements of the Project and the SOPs
- Provide overall guidance and direction to the project, ensuring it remains within any specified constraints;
- Address project issues as raised by the project manager;
- Agree on project manager's tolerances as required, within the parameters set by UNDP and AF, and provide direction and advice for exceptional situations when the project manager's tolerances are exceeded;
- Advise on major and minor amendments to the project within the parameters set by UNDP and AF;
- Ensure coordination with various government agencies and their participation in project activities;
- Review the project progress, assess performance, and appraise the Annual Work Plan for the following year;
- Appraise the annual project implementation report, including the quality assessment rating report;
- Ensure commitment of human resources to support project implementation, arbitrating any issues within the project;
- Address project-level grievances when escalated at the Project Board level;
- Approve the project Inception Report, Mid Term Evaluation Report, Terminal Evaluation reports and corresponding management responses;
- Review the final project report package during an end-of-project review meeting to discuss lesson learned and opportunities for scaling up.

c) Grant Selection Committee:

UNDP will invite 5 to 7 experts in fields that are relevant to this project to be part of the Grant Selection Committee. Grant Selection Committee member will be responsible for providing grant selection function and grantee implementation recommendation to the Project Board. In addition, the committee will be responsible for the selection of project grantees supported by the PMU (longlisting conducted by PMU, shortlisting and by Committee, final selection will be approved by the Project Board), provide guidance and suggestion to grant selection criteria designed by the PMU. Final grantee recommendation and grant selection criteria will be submitted to Project Board for approval. Based on member's expertise, they will be providing advisory and guidance to grantees' acceleration plan; supported by the PMU, the experts will assist each individual grantees

to provide guidance on business development, climate change risks planning, safeguard risks planning and gender mainstreaming (depends on the needs from each grantee). Performance will be tracked by the PMU and report back to committee for any actions/changes.

Members of grant selection committee will be nominated by the project board based on their specific technical expertise, provided however that:

- ✓ No individual or entity (including, if applicable, members of the technical advisory committee) shall be nominated to be part of the Grant Selection Committee for funding windows in which such individual or entity also intends to provide any technical assistance
- ✓
- ✓ in relation to advising on or setting the grant award criteria and/or assessing proposals submitted in response to these funding windows
- ✓ Grant Selection Committee members cannot be an organization, be affiliated to an organization, or have ownership in an organization that might apply for a grant from the project. Grant Selection Committee member will meet virtually after a funding window is opened.

Specific responsibilities of the Grant Selection Committee include:

- Advise technical issues raised by the PMU in the selection process;
- Provide guidance and advise on member's area of expertise;
- Working with the project team and following instructions from the Project Board, advise on the final design of the grant selection criteria;
- Approve and select shortlisted grantees; provide recommendation the Project Board on the selected grantees;
- Provide high-level strategy and guidance to grantees' acceleration plan;
- Serve as a "second layer" in the selection process to help identify any potential concern regarding the shortlisted applicants, related to their project design, legal entity status, gender or safeguard related aspects.

d) UNDP and UNDP Country Offices and Bureous

The Project shall actively engage the UNDP Regional Bureaus and the UNDP Country Offices at multiple stages of the project to leverage localized expertise, networks and contextual knowledge throughout the project life cycle. This collaboration will enhance the project's local relevance and ensure that grantee support is responsive to local contexts. During the initial stages of the project, the PMU shall involve the UNDP Regional Bureaus and the UNDP Country Offices in the grantee selection phase. This process will involve mapping proposed solutions to national objectives.

Beyond selection, the UNDP Regional Bureaus and the UNDP Country Offices shall be involved in compliance monitoring and oversight of grantee activities. Further, to help strengthen technical capacity and local relevance, Country Offices will play a key role in facilitating connections with local innovation ecosystems through local networks (internal and external to UNDP). To facilitate these activities, the project will allocate funds to UNDP Country Offices where grantees are located, to support with specific follow up (in situ), verify safeguard and gender related matters in situ, help identify national scaling pathways, as well as learning and showcasing opportunities for the AFCIA 2 grantees operating in their countries.

B. Describe the measures for financial and project / programme risk management.

Financial and Project / Programme Risk Management

AFCIA 2 adopts a proactive, multi-layered approach to financial and operational risk management, building on lessons from AFCIA 1 and aligning with UNDP's fiduciary standards and the Adaptation Fund's Environmental and Social Policy. Financial integrity is ensured through performance-based disbursement, where catalytic grants are released in tranches tied to verified milestones rather than upfront lump sums. All grantees undergo due diligence and are subject to compliance with UNDP programmatic and financial regulations, while still allowing flexibility to the grantees to implement their grants.

To mitigate implementation delays, the project embeds a structured Onboarding Learning Sprint at inception and provides continuous technical assistance, business development support, and adaptive management through a robust Monitoring, Evaluation, and Learning (MEL) system. Milestone-bound progress and financial reporting enable early identification of bottlenecks and corrective action.

Environmental and social safeguards, including Gender Action Plans and Environmental, Social and Management Plans, are mandatory for all grantee sub-projects. All grantees will need to prepare a simplified GAP and ESMF after screening and identifying all risks (high, medium, low). They must also propose how these risks will be managed during implementation within their specified budget as part of the total grant. Screening under UNDP Social and Environmental Standards and the Adaptation Fund's ESP ensure compliance, while a grievance redress mechanism (GRM) provides transparency and accountability. Gender equality and social inclusion are mainstreamed across all stages, with capacity-building to meet Gender Marker 2 requirements.

This integrated risk management framework ensures fiduciary assurance, operational efficiency, and compliance with environmental, social, and gender standards, while enabling innovation to scale responsibly and sustainably.

Measures for Financial and Project Risk Management

Potential Risk	Risk Level	Risk Management Strategy
Misappropriation of the grant funding	Low	Performance based disbursement will be used instead of providing the total grant amount at the grant signing stage. Grantees may be asked to get an agreement from UNDP (with advise from UNDP country office) if procurement of goods/services exceeds a certain threshold. Financial audit is required as a part of the annual progress report.
Lack of participation at the regional call for proposals across the four targeted Western Balkan countries	Low	During the regional call for proposals, UNDP will also actively source innovation ideas from the network of development partners who are working on innovation, incubation, and acceleration as well as climate adaptation and resilience topics. With the extensive network of UNDP Innovation team and BOOST network, Accelerator Labs in the Country Offices, Country Office ecosystem and detailed stakeholder mapping that will be developed the risk of lacking participation is relatively low.

Delays in Project implementation and delivery	Medium	To mitigate this risk, the project embeds a structured Onboarding Learning Sprint at inception; and during implementation phase, project will provide ongoing technical and business development support and apply its standard Monitoring and Evaluation (MEL) processes, including: • **Milestone-bound reporting:** Grantees will submit progress and financial reports each milestone throughout the implementation period. • **Ongoing Support:** Continuous technical and business acceleration support will help identify and address potential implementation challenges early on. • **Timely Issue Resolution:** Any barriers to timely completion will be monitored and addressed through tailored mitigation strategies. This approach will ensure proactive oversight and supports effective and timely project delivery
Imbalanced Reporting of Success vs. Challenges and Lessons Learned	Medium	To ensure accurate and balanced reporting, grantees will be encouraged to document both successes and challenges as part of their regular progress updates. Lessons learned—particularly from challenges—are essential for continuous improvement, knowledge sharing, and the replication or scaling of effective practices. This expectation will be clearly communicated throughout the project implementation cycle and reinforced during regular monitoring. Project implementation will also be guided by the Impact Report and documented lessons learned from UNDP-AFCIA 1 implementation. These insights will inform best practices and support adaptive learning. All relevant lessons from the project will be captured to contribute to broader institutional learning and future project design.
Grantees fail in securing scale up and replication support and funding from other sources after the completion of the project	Medium/High	While it is common for only a portion of innovative or early-stage initiatives to secure follow-on funding the project is designed to improve these odds by strengthening grantees' capacity for long-term sustainability. Through targeted technical assistance, the project will help grantees enhance their financial planning, develop robust business models, and strengthen partnerships. This support aims to make initiatives more 'investment-

		ready', enabling them to attract additional funding and diversify income streams. By addressing core barriers such as limited access to finance, technical know-how, and strategic networks, the project aims to bridge the gap between promising community-led adaptation initiatives and the resources needed for sustained impact. Based on comparable experience, it is anticipated that approximately 20–30% of supported initiatives may successfully secure follow-on investment or replication support.
Environmental, social and governance risk not managed, triggering risk events	Medium	UNDP has strong safeguard systems, but decentralized implementation and innovation pilots increase exposure. In order to address these risks following action will be taken. **Environmental, Social, and Governance (ESG) Criteria Embedded Throughout:** ESG considerations will be integrated at every stage of the programme under UNDP guidance. **Mandatory Screening & Safeguard Instruments:** All Unidentified Sub-Projects (USPs) will undergo screening under UNDP Social and Environmental Standards (SES) and Adaptation Fund Environmental and Social Policy (ESP). Each grantee must prepare simplified **Environmental and Social Management Plan (ESMP)** and **Gender Action Plan (GAP)** prior to implementation. **Call for Proposals & Selection Process:** The call for proposals will explicitly highlight ESG requirements. The selection template will include ESG risk identification questions, and an ESG expert will participate in the technical review panel. **Capacity Building:** An ESG expert will be hired to build grantees' capacity in understanding, managing, and reporting ESG risks. Training will be delivered during the Onboarding Learning Sprint and throughout implementation. **Monitoring & Reporting:** MEL reporting will include a dedicated ESG section. Milestones-bound reports will track compliance with safeguards and gender commitments. **Grievance Redress Mechanism:** Accessible channels will be established for communities to report concerns. **Gender Marker Compliance:** All projects will meet Gender Marker 2 standards.

C. Describe the measures for environmental and social risk management, in line with the Environmental and

Social Policy of the Adaptation Fund.

Environmental and Social Risk Management Measures

A detailed Social and Environmental Screening Procedure (SESP) and Environmental and Social Management Framework (ESFM), that complies with the Adaptation Fund´s Safeguards Policy and UNDP´s Safeguard policy is presented in **Annex 3 and 4 respectively.**

The project is fully aligned with the Environmental and Social Policy (ESP) of the Adaptation Fund and UNDP's Social and Environmental Standards (SES). It incorporates a comprehensive, phased approach to environmental and social risk management, ensuring that all activities are implemented responsibly and inclusively across diverse national and cultural contexts.

1. Preliminary Risk Screening

- Grantees will be requested to consider - using the guidance proposed in the AFCIA ESMF - the main risks that their solution/project could potentially generate in the environment and the communities where they plan to operate.

- Based on this, all grantee proposals will submit their own initial environmental and social risk screening that will be reviewed during the selection process, by UNDP´s safeguard and gender experts associated to the AFCIA PMU and in collaboration with the Grant Coordinator and Data Analyst.

2. Integration of mitigation measures into final design of the supported actions

- If this screening identifies potential risks, the applicants will be asked to explore measures to avoid, minimize, or offset any potentially significant risks in order to comply with the minimum legal requirements in each of their countries and the requirements stipulated in UNDP´s Social and Environmental Standards and the Adaptation Fund´s Environmental and Social Policy.

- Mitigation measures will be tailored to local regulatory frameworks, cultural contexts, and the specific vulnerabilities of affected communities, with particular attention to transboundary impacts where relevant.

3. Ongoing Monitoring and Support

- Grantees will report regularly on safeguard implementation and will be required to undertake appropriate corrective actions as needed.

- The Grant Coordinator and Data Analyst will, in coordination with the Safeguards and Gender Analyst, provide technical support and quality assurance on social and environmental risk management throughout the project lifecycle.

4. Grievance Redress and Transparency

- In addition, a web-based Grievance Redress Mechanism (GRM) system will be established and made publicly known and accessible to each of the participating grantees/countries. This platform will enable stakeholders to submit concerns, or complaints —anonymously if they wish— about any potential violation of environmental and social standards during the project implementation. A dedicated email address will also be provided through the project website to facilitate GRM submissions.

- The PMU will regularly monitor and respond to the GRM submissions to ensure timely resolution and continuous improvement, in alignment with the Environmental and Social Policy of the Adaptation Fund and UNDP.

5. Gender equality and social inclusion are central to the project's safeguards approach:

- Proposals must demonstrate how they will **mainstream gender**, empower women, and address differentiated vulnerabilities.

- Gender equality must be embedded across all stages—design, consultation, implementation, monitoring, and evaluation—with approaches adapted to local gender norms and power dynamics.

- All projects must meet Gender Marker 2, indicating gender equality as a significant objective.

- Special attention will be given to ensuring the meaningful participation and protection of Indigenous Peoples, ethnic and religious minorities, persons with disabilities, and other marginalized groups, in accordance with international human rights standards and national legislation.

This integrated safeguard framework ensures that all supported innovations are effective, inclusive, and environmentally and socially responsible. Its structured and participatory approach proactively manages environmental and social risks, contributing to sustainable, inclusive, and equitable climate adaptation outcomes, while respecting local priorities.

D. Describe the monitoring and evaluation arrangements and provide a budgeted M&E plan.

Monitoring and Evaluation Arrangements and Budgeted MEL Plan

The AFCIA-2 Monitoring and Evaluation (M&E) system is designed to promote accountability, learning, and adaptive management throughout the project lifecycle. It adheres to the Adaptation Fund's Evaluation Policy (2022) and the AF-TERG Guidance Note on Evaluation in Project Design, while fully mainstreaming AF's and UNDP's Gender and the Safeguards Policies across all levels. In addition, the system is firmly grounded in UNDP's Results-Based Management (RBM) principles, ensuring that monitoring processes are results-oriented, evidence-based, and aligned with global best practices.

1. M&E Objectives and Governance

The M&E system will:

- Track progress toward outputs, outcomes, and the project objective.

- Ensure compliance with environmental and social safeguards and gender commitments.

- Generate evidence and learning to inform scaling, replication, and policy engagement.

- Enable adaptive management through real-time feedback loops.

UNDP, as the Implementing Entity (IE), will oversee the M&E system. The Project Management Unit (PMU) will lead day-to-day implementation, supported by a dedicated Grant Coordinator and Data Analyst. Quality assurance will be provided by UNDP's Principal Technical Advisor (Climate Change Adaptation Team), a dedicated Regional Technical Advisor, Oversight specialists on different matters (Safeguards, Gender, Finance, Legal, Evaluation) and the Independent Evaluation Office (IEO). For more details on the implementation arrangements kindly refer to **Annex 10. Organigram.**

Role of the Implementing Entity and Use of IE Fees for M&E Supervision

As the Implementing Entity, UNDP is responsible for the independent supervision, quality assurance, and fiduciary oversight of the project's Monitoring and Evaluation (M&E) system. Implementing Entity (IE) fees will be use to finance these supervisory M&E functions, ensuring compliance with the Adaptation Fund's Evaluation Policy, Results Framework, and fiduciary standards.

IE-supported M&E supervision includes: (i) technical oversight and quality assurance of monitoring systems, indicators, and reporting through UNDP's Regional Technical Advisor (RTA) and Principal Technical Advisor (PTA); (ii) validation of results and data quality assurance, including verification of gender equality and environmental and social safeguards compliance; (iii) participation in supervision missions and risk-based monitoring at grant and portfolio levels; (iv) review, clearance, and submission of Annual Project Performance Reports (PPRs) to the Adaptation Fund; and (v) commissioning, management, and quality assurance of the independent Mid-Term Review and Terminal Evaluation in accordance with AF-TERG guidance.

These supervisory functions are distinct from day-to-day implementation and are designed to ensure the independence, credibility, and integrity of project monitoring, evaluation, and reporting.

2. Key M&E Milestones

Milestone	Timeline
Project Inception	Q4 2026
Baseline Data Collection	Q1–Q2 2027
Grantee Technical and Financial Progress Reports	Every milestone as per the LVGA (6 months for MSMEs and 9 months for NGOs-CSOs) (2027-2031)
Annual Project Performance Reports (PPRs)	Annually (2026–2031)
Mid-Term Review (MTR)	Q1 2029
Terminal Evaluation (TE)	Q4 2030
Final Project Report	Q3 2031

(Table 4: Key M&E Milestones)

3. Evaluation Products

- **Mid-Term Review (MTR):** Conducted by an independent evaluator, the MTR will assess progress, effectiveness, efficiency, gender and environmental/social performance, and course-correction needs.

- **Terminal Evaluation (TE):** An independent assessment of project achievements, sustainability, and lessons learned overall contribution of the project, including contributions to the Adaptation Fund's Strategic Results Framework (SRF) and the National Adaptation Plans.

- **Evaluation Use:** Findings will be shared through workshops, peer learning events, and knowledge products to inform adaptive management and future programming.

4. Monitoring Systems and Data Management

The project will establish a comprehensive monitoring and data management system grounded in UNDP's Results-Based Management (RBM) principles to ensure accountability, transparency, and adaptive learning throughout the project lifecycle. This system will operate at both project and portfolio levels, leveraging digital tools and decentralized support for effective implementation.

Project-Level Monitoring System

A dedicated Management Information System (MIS) will be developed to track progress against the project's results framework. The MIS will capture data disaggregated by gender, stakeholder type, and vulnerable groups, enabling inclusive monitoring and reporting. Automated dashboards will provide real-time visualization of progress and facilitate evidence-based decision-making.

Data Quality Assurance (DQA)

To maintain data integrity, the project will implement robust DQA protocols, including:
- Validation visits on a needs basis to verify reported data.
- Triangulation of grantee reports with field observations and secondary sources.
- Ad hoc data audits to identify inconsistencies and strengthen reliability.

Grantee Capacity Building and Reporting

Grantees will receive structured training on Monitoring, Evaluation, and Learning (MEL) fundamentals during the Onboarding Learning Sprint. This will include guidance on developing context-appropriate MEL systems, defining SMART indicators, applying gender-sensitive approaches and managing environmental and social safeguard   risks.

A digital results-based monitoring and reporting framework will be introduced, requiring grantees to submit milestone-bound technical and financial reports through the system. Continuous capacity-building sessions and on-demand support will be provided to strengthen grantee skills in data collection, indicator tracking, and reporting.

Annual Performance Reporting

The project will submit Annual Adaptation Fund Project Performance Reports (PPRs), providing comprehensive updates on:
- Progress against the Results Framework
- Gender mainstreaming achievements
- Key lessons learned and adaptive management actions
- Financial status and procurement updates
- Compliance with environmental and social safeguards

Portfolio-Level Monitoring and Aggregation

At the portfolio level, AFCIA 2 will develop an interactive dashboard serving two core purposes:

1. Monitoring and tracking the implementation status of all 26 grants on regular basis.

2. Aggregating results to demonstrate overall project impact, contribution to the Adaptation Fund's core indicators, key achievements, and lessons learned. This dashboard will provide a consolidated view of progress, enabling strategic communication with stakeholders. This dashboard will also demonstrate overall project impact and contribution to the broader Climate Change Adaptation portfolio in UNDP.

Country-Level Monitoring Support

UNDP Country Offices will play a critical role in ensuring compliance and contextual relevance within the project's monitoring framework. They will support the PMU by validating grantee activities against national priorities and project safeguards, including gender and environmental standards. In addition, Country Offices will strengthen data credibility through validation visits, review of grantee reports, and triangulation with local sources. Their involvement will also facilitate the integration of national datasets and context-specific indicators into the Management Information System (MIS), ensuring alignment with country-level adaptation priorities.

5. Gender and Social Inclusion Monitoring

The project will embed gender equality and social inclusion as core elements of its monitoring framework. All grantees will be required to achieve Gender Marker 2, ensuring that gender considerations are fully integrated into project design and implementation. Each grantee will develop a simplified Gender Action Plan, and progress will be tracked through sex-disaggregated indicators reported in milestone-bound technical submissions. These data will be aggregated regularly and reflected in the annual progress reports (PPRs) to the Adaptation Fund. Monitoring will go beyond numerical indicators to assess the quality of participation, equitable distribution of benefits, augmentation in capacities and skillsets, and leadership roles of women, youth, Indigenous Peoples, and other marginalized groups, ensuring that adaptation actions are inclusive and transformative.

6. Learning and Knowledge Integration

The project's Monitoring and Evaluation system will serve as a key input to the Learning and Knowledge Management Framework, enabling the aggregation and analysis of innovation outcomes across all sub-projects. Insights and lessons learned will be systematically captured and synthesized into practical knowledge products such as blogs, articles, and policy briefs. These resources will be disseminated through South–South exchanges, webinars, and regional learning events, fostering peer learning and supporting the scaling and replication of successful adaptation solutions.

Monitoring Activity	Frequency/Timeframe	Responsible Parties	Indicative Cost (USD) (for the 4 years)
Inception Workshop and Report	Inception Workshop within 2 months of the First Disbursement	EE, Project Manager	10,000 (See Annex 8, Budget Note 1)
Project Baseline Report	Baseline report with in first year of implementation not later than submission of annual PPR	EE, Grant Coordinator and Data Analyst, Finance Officer	16,000 (See Annex 8, Budget Notes 1 and 3)

		IE, Regional Technical Advisor (RTA)	(See Annex 8, IE Fee breakdown)
Progress Reporting Support (technical & financial)	Through the milestone-bound reports (every 6 months for MSMEs and 9 months for NGOs-CSOs)	EE, Grant Coordinator and Data Analyst, Finance Officer	100,000

(See Annex 8, Budget Notes 1 and 3) |
| Grantee MEL Onboarding | Y1 (core), refreshers Y2–Y4 | EE, Grant Coordinator and Data Analyst | 5,000

(See Annex 8, Budget Note 3) |
| MIS & Project Dashboard (build, hosting, maintenance) | Y1–Y4 | EE, Grant Coordinator and Data Analyst | 10,000

(See Annex 8, Budget Note 3) |
| Monitor and Manage Risk (at grant level) | Through the milestone-bound reports (every 6 months for MSMEs and 9 months for NGOs-CSOs) | EE, Grant Coordinator and Data Analyst, Gender and Safeguard Specialist | 178,000

(See Annex 8, Budget Notes 2 and 3) |
| Monitor Gender Action Plan and ESMF (at grant and project level) | Through milestone-bound reports (at the grant level- every 6 or 9 months) and annual reports (at the project level) | EE, Grant Coordinator and Data Analyst, Gender and Safeguards Specialist | 36,000

(See Annex 8, Budget Notes 2 and 3) |
| Supervision Missions | Annually/ need base | EE, Local Action support (COs), Grant Coordinator and Data Analyst and/ or Project Manager

IE- Regional Technical Advisor (RTA) | 100,000

(See Budget Notes 1 and 3)

(See Annex 8, IE Fee breakdown) |
| Regular project progress review | Weekly, monthly and annual | EE, Project Manager, Grant Coordinator and Data Analyst, Finance Officer | 80,000

(See Annex 8, Budget Notes 1 and 3) |
| Learning & Knowledge Integration | Annual | EE, Learning and KM Specialist | 60,000
(See Annex 8, Budget Note 10) |
| Annual AF Project Performance Report (PPR) | Annually | EE, Project Manager, Grant Coordinator and | 30,000 |

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		Data Analyst, Finance Officer, Project Associate	(See Annex 8, Budget Notes 1, 3 and 13)
		IE – Regional Technical Advisor (RTA), Regional Project Associate (RPA) and Principal Technical Advisor (PTA)	(See Annex 8, IE Fee breakdown)
Project Review (Project Board)	At least annually and need base	EE, Project Manager, Grant Coordinator and Data Analyst, Finance Officer, Project Associate	30,000 (See Annex 8, Budget Notes 1, 3 and 13)
		IE – Regional Technical Advisor (RTA), Regional Project Associate (RPA) and Principal Technical Advisor (PTA)	(See Annex 8, IE Fee breakdown)
Mid-Term Review (MTR)	End of Year 2	IE – commission independent evaluator	40,000 (See Annex 8, IE Fee breakdown)
Terminal Evaluation (TE)	End of Year 4	IE – commission independent evaluator	55,000 (See Annex 8, IE Fee breakdown)
TOTAL			**750,000**

(Table 5: Monitoring and Evaluation Arrangements and Budgeted MEL Plan)

E. Include a results framework for the project / programme proposal, including milestones, targets, and indicators.

Results framework for the Project

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

Project Objective	Objective Level Indicators	Baseline	Target at Project Completion	Means of Verification	Risks and Assumptions
Project Objective To accelerate and scale inclusive, locally led adaptation innovations across the Global South by providing catalytic finance (via competitive grants and innovation challenges), technical assistance, and integration into innovation and adaptation financing ecosystems – enabling high-potential solutions to enhance climate resilience and benefit vulnerable populations.	1. Number of innovations successfully scaled and built resilience at local level.	0	At least 10 innovations successfully scaled	Grantee reports, scaling evidence; low value grant agreements.	**Assumptions:** Continued interest and engagement from adaptation, innovation or climate finance ecosystems actors. Innovations remain relevant and technically feasible. Political and economic stability in target regions and countries where grantees operate. Innovators operating in the adaptation, innovation or climate finance ecosystems have capacity and willingness to learn and support innovations to scale and replicate. **Risks:** Limited absorption capacity of grantees. External shocks (e.g. climate disasters, conflict) which could disrupt scaling pathways.
	2. Aggregate number of people benefitted through the supported innovations[191] supported.	0	Total no of beneficiaries[192]: 215,096 (direct: 53,774; indirect: 161,322; Youth: 64,528)		

					Funding delays in the project cycle.
Outcome	**Outcome Indicators**	**Baseline**	**Target at Project Completion[192]**	**Means of Verification**	**Risks and Assumptions**
Outcome 1: High potential, locally led adaptation innovations, (NGOs/CSOs & SMEs) are identified and supported with catalytic finance and technical assistance, improving their readiness for scale and alignment with national adaptation priorities (NAPs/NDCs).	O1.1: Number of beneficiaries reached through supported innovations (a) Direct beneficiaries (male and female) (b) Indirect beneficiaries (male and female) GAP indicator 1.1.3)	**0** **0**	(a) Direct Beneficiaries: Total: (estimated):53,774 Female:26,887 Male:26,887 Youth: 16,132 (b) Indirect Beneficiaries: Total:161,322 Female:80,661 Male: 80,661 Youth: 64,528	Grantee reports, beneficiary surveys, MEL system aggregation, selection records, grant agreements, mapping sheets, proposals, selection criteria.	**Assumptions** Sufficient pool of high-potential, locally led innovations exists in target regions. Baseline data on beneficiaries will be available or collected early in the project. **Risks:** Limited number of eligible innovations meeting selection criteria.

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[191]Disaggregated data will be collected and reported under outcome 1

[192] The beneficiary numbers presented at this stage are indicative and based on approval-stage planning assumptions. Exact figures will be calculated once grantees and their intervention footprints are confirmed during inception. These numbers will be validated and updated in the Results Framework and reported in the first Project Performance Report (PPR) in line with Adaptation Fund guidance. Please note that youth figures represent a subset of the total male and female beneficiaries, not an additional category. For detailed methodology and assumptions, including youth disaggregation, refer to the Annex 13 on Beneficiary Estimation.

	O1.2: Number of high potential, locally led innovations identified and supported (disaggregated by women led/co led) (GAP indicator: 1.2.3)	0	26 total; 20% women led/co-led		Grantees may have limited or no capacity to write strong proposals without technical support. Resistance to gender and social inclusion integration in some contexts.
	O1.3c) Number of supported innovations demonstrating meaningful integration of gender equality and social inclusion (GESI), including adaptation/implementatio of gender responsive approaches in design, implementation, or governance (GAP indicator: 1.2.3)	0	*26*		
Outcome 2: Supported adaptation innovations are strengthened to become investment-ready and integrated into national and global adaptation finance	O2.1. No of supported innovations achieving investment readiness benchmarks through technical support and investment brokering packages.	0	*10*	Technical assistance completion reports; Business model documentation; Evidence of Pitch Decks and	**Assumptions:** Innovators are willing and able to adopt investment readiness standards and learnings**.** Technical assistance providers have expertise in climate

ecosystems through tailored technical assistance, business development, and strategic partnerships.	O2.2. No of innovations with gender responsive business model enabled to lead adaptation for innovation (GAP indicator 2.1.1.)	0	*26*	Business Plans submitted to investors;Business Model Documentation showing gender-responsive strategies (e.g., inclusive hiring, women-led governance)	finance and gender-responsive business models. Adaptation finance ecosystems remain active and accessible for integration. **Risks:** Limited investor interest in adaptation innovations supported by the project. Economic or market downturns reduce financing opportunities.
Outcome 3: Evidence and learning from supported adaptation innovations are leveraged to inform replication/scaling pathways, policy programmes, and impact investment practices through strategic partnerships, regional platforms, and global knowledge networks, accelerating inclusive and market-oriented adaptation solutions.	O3.1. No of innovation for adaptation-focused knowledge products disseminated.	0	*4 (1 per year, starting in year 2)*	Reports, technical briefs, policy briefs, factsheets and dashboards with knowledge emerging from the solutions	**Assumptions:** Evidence from supported innovations will be ready and of sufficient quality by Year 2 to inform knowledge and communication products. Grantees submit timely reports content, visuals, data and agree to share materials for dissemination. Partners and grantees remain available and willing to participate in learning and showcasing events, including virtual or hybrid formats. **Risks:**
	O3.2. No of innovation for adaptation-focused communication products disseminated.	0	*20 (4 per year, starting in year 1)*	Stories, videos, news, promotion of the innovators work and the AFCIA project in social media	

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	O3.3:No of supported innovations whose evidence products are referenced/ presented for investment proposals.	0	10	Workshop reports, news of the events, sessions concept notes and recordings, etc….	Grantees may face delays in submitting reports or providing complete data, affecting the production of knowledge and communication products. Travel and visa challenges could limit participation in in-person showcasing events, reducing diversity and regional representation. Low interest or participation from women and marginalized groups in events may undermine gender and inclusion targets.
Outputs	**Output Indicators**	**Baseline**	**Target at Project Completion**	**Means of Verification**	**Risks and Assumptions**
Corresponding Outcome (Outcome 1) **Output 1.1:** 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.	O1.1.1:Number of innovations identified through the global call for proposals, aligned with NAPs/NDCs and priority thematic areas.	0	26	Call for proposals documentation and selection criteria; Innovation application database; Screening and scoring sheets, Project Board endorsement minutes	**Assumptions:** Sufficient number of eligible proposals submitted globally; Gender criteria are clearly communicated and applied during selection; Gender-responsive approaches are understood and accepted by applicants.
	O1.1.2:% of innovations identified that demonstrate gender-responsive design in adaptation innovation. (GAP indicator 1.1.1)	0	100%		**Risks**: Low submission rates

Output 1.2: Selected innovations receive catalytic grants (up to USD 200K) and tailored technical support to strengthen operational, financial, and impact readiness, with a focus on gender equality and social inclusion.	O1.2.1:Number of selected innovations receiving catalytic grants and tailored technical support.	0	26		Limited number of gender-responsive proposals submitted;
	O1.2.2: % of supported innovations that integrate gender equality and social inclusion measures in their work plans and result framework.(GAP indicator: 1.1.2)	0	100%		
Output 1.3: Selected high-impact adaptation innovations from AFCIA 1 receive follow-on catalytic support to scale proven models and demonstrate systemic impact.	O1.3.1:Number of high-impact adaptation innovations from AFCIA 1 that receive follow-on catalytic support and technical assistance for scaling proven models.	0	4		
Corresponding Outcome (Outcome 2) 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.	O2.1.1: Percentage of supported innovators that have received tailored technical assistance across all five areas (business model refinement, gender-responsive design, MEL systems, financial planning, and safeguard risk management).	0	100%	Customized support package documentation for women-led enterprises. Post-training surveys and satisfaction scorecards. MEL system integration checklists.	**Assumptions:** High level technical assistance and expertise in all five areas. Innovators are willing and able to engage in capacity-building activities. Gender-responsive design principles are accepted and integrated.

	O2.1.2: Percentage of supported innovators that have received tailored technical assistance in gender-responsive project design and implementation. (GAP indicator 2.1.1)	0	100%		**Risks:** Limited availability of qualified technical assistance providers. Innovators face time/resource constraints to participate fully. Resistance to safeguard or gender-responsive measures in some contexts.
	O2.1.3:Average satisfaction score of supported innovators on the relevance and quality of technical assistance received (scale 1–5)	0	**Target:** *4.0 out of 5*		
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.	O2.2.1:Number of supported innovators that have identified and initiated engagement with at least one financing pathway.	0	26		
	O2.2.2:Number of supported innovators that have mobilized or unlocked external financing for scaling and replication	0	10		

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				Published knowledge products (case studies, briefs, reports).	**Assumptions:**
Corresponding Outcome (Outcome 3) **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.	O3.1.1:Number of knowledge products (case studies, evidence briefs, reports, factsheets) developed and disseminated.	0	*26 factsheets (7 per year, starting in year 2)* *1 knowledge product per year (starting in year 2)* *1 Dashboard (year 2)*	Dissemination records (websites, mailing lists, event materials). Annual synthesis reports and documentation of lessons learned.	Stakeholders (policymakers, investors, practitioners) are receptive to knowledge products. Stakeholders are willing and able to participate in learning events. Project generate sufficient evidence and lessons for documentation.
	O3.1.2:Percentage of knowledge and communication products incorporating gender and social inclusion lessons in adaptation innovation.(GAP indicator 3.1.1 and 3.1.2)	0	50%	Event reports and feedback forms. Webinar recordings and dissemination analytics.	Gender and social inclusion data is available and captured effectively. Risks: Limited uptake of knowledge products by target audiences. Inadequate documentation of lessons due to poor reporting from grantees
	O3.1.3:No of Reports produced summarizing insights, stories, challenges and stories of change of women and other beneficiaries with intersecting vulnerabilities. (GAP indicator 3.1.1)	0	4 (at least 1 per year, starting in year 2)		
Output 3.2: Annual peer learning events, global webinars, and cross-country exchanges are	O,2,1: No of in person/online learning and showcasing events organized, supported	0	*3: At least 1 event per year (starting in year 2); with 40% women presentation*		

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organised to promote south-south collaboration, uptake of good practices, and cross-sectoral learning among innovators, governments, investors, and UNDP partners	and facilitated by the PMU; % female participants.				
	O3.2.2: Number of participants attending peer learning events, global webinars, and cross-country exchanges, disaggregated by gender and stakeholder group with content explicitly addressing gender and social inclusion in adaptation.(GAP indicator 3.2.1 and 3.2.2)	0	60% men and 40% women participants		
	O3.2.3:Percentage of events highlighting women-led adaptation innovations facilitated.(GAP indicator 3.2.3)	0	50%		

Adaptation Fund Core Impact Indicator "Number of Beneficiaries"	
Date of Report	**Proposal submission date**
Project Title	**UNDP- Adaptation Fund Climate Innovation Accelerator Phase 2**
Country	**Global**

	Baseline *(absolute number)*	Target at project approval *(absolute number)*	Adjusted target first year of implementation *(absolute number)*	Actual at completion[7] *(absolute number)*
Implementing Agency	**UNDP**			
Project Duration	**5 years**			
Direct beneficiaries supported by the project	0	53,774		
Female direct beneficiaries	0	26,887		
Youth direct beneficiaries	0	16,132		
Indirect beneficiaries supported by the project	0	161,322		
Female indirect beneficiaries	0	80,661		
Youth indirect beneficiaries	0	64,528		

Adaptation Fund Impact Indicator "Increased income, or avoided decrease in income"	
Date of Report	Proposal submission date
Project Title	UNDP- Adaptation Fund Climate Innovation Accelerator Phase 2

Country	Global			
Implementing Agency	UNDP			
Project Duration	5 years			
	Baseline	Target at project approval[193]	Adjusted target first year of implementation	Actual at completion
Income Source[194] *(name)*	0 10,800 (households)			
Income Source	Climate-resilient food systems livelihoods (smallholder farming, processing, storage, climate-smart inputs/services) Nature-based livelihoods (eco-restoration jobs, sustainable fisheries/aquaculture, agroforestry, ecosystem-based enterprises) DRR / risk reduction-linked livelihoods (avoided income losses through reduced disruption, resilient local services, post-disaster livelihood continuity)			
Income level *(USD)*	TBD(to be established by grantee baseline surveys in Year 1)			
Number of households *(total number in the project area)* *(report for each project component)*	TBD (to be established by grantee baseline surveys in Year 1)			

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[193] Households at project approval are estimated by converting the proposal's direct beneficiary target (53,774 people) into households using an assumed average household size of 5 persons/household (53,774 ÷ 5 = 10,755; rounded to 10,800). This portfolio-level assumption will be validated and revised in Year 1 once grantees/subprojects are selected and baseline household data are collected

[194] When the numbers of livelihoods go through significant changes, such as when sources of income are diversified, it may be useful to illustrate the changes by primary livelihoods.

F. Demonstrate how the project / programme aligns with the Results Framework of the Adaptation Fund

Alignment of the Project with the Adaptation Fund's Results Framework

Project Objective(s)	Project Objective Indicator(s)	Adaptation Fund Outcome	Adaptation Fund Outcome Indicator	Grant Amount (USD)
To accelerate and scale inclusive, locally led adaptation innovations across the Global South by providing catalytic finance (via competitive grants and innovation challenges), technical assistance, and integration into innovation and adaptation financing ecosystems – enabling high-potential solutions to enhance	1. Number of adaptation innovations successfully scaled and/or supported by enabled institutions that lead adaptation innovation ecosystems	Outcome 8: Innovation for effective, long-term adaptation to climate change accelerated, encouraged, and enabled to scale up	8.1:Innovations successfully reaching scale-up that demonstrate local innovation participation and/or local innovation benefit (# of innovations) 8.2: Institutions created and/or enabled that lead on innovation for adaptation to climate change (# of institutions, disaggregated by scale)	15,000,000

climate resilience and benefit vulnerable populations.				
	2. Aggregate number of people reached through scaled innovations (disaggregated by gender & vulnerable groups)			
Total objective level grant amount			15,000,000	
Project Outcome(s)	**Project Outcome Indicator(s)**	**Adaptation Fund Output**	**Adaptation Fund Output Indicator**	**Grant Amount (USD)**

Outcome 1: High potential, locally led adaptation innovations, including SMEs and for-profit entities, are identified and supported with catalytic finance and technical assistance, improving their readiness for scale and alignment with national adaptation priorities (NAPs/NDCs).	O1.1: Number of beneficiaries reached through supported innovations (c) Direct beneficiaries (male and female) (d) Indirect beneficiaries (male and female) GAP indicator 1.1.3)	**Output 8.1:** Innovations identified and piloted that collectively enhance local innovation capacity and contribute to the development of local, national and regional adaptation innovation ecosystems	8.1.1: Innovations identified that demonstrate local innovation participation and/or local innovation benefit (# of proposed innovations)	550,083
	O1.2: Number of high potential, locally led innovations identified and supported (disaggregated by women led/co led (GAP indicator: 1.2.3)	Output 8.1: Innovations identified and piloted that collectively enhance local innovation capacity and contribute to the development of local, national and regional adaptation innovation ecosystems	8.1.1: Innovations identified that demonstrate local innovation participation and/or local innovation benefit (# of proposed innovations) Indicator 8.1.2: Innovations piloted that demonstrate local innovation participation and/or local innovation benefit (# of innovations)	3,910,608
	O1.32c) Number of supported innovations that demonstratinge meaningful integration of gender equality and social inclusion (GESI), including adaptation/implementatio of gender responsive approaches in design, implementation, or	Output 8.1: Innovations identified and piloted that collectively enhance local innovation capacity and contribute to the development of local, national and regional adaptation innovation ecosystems	8.1.1: Innovations identified that demonstrate local innovation participation and/or local innovation benefit (# of proposed innovations) Indicator 8.1.2: Innovations piloted that demonstrate local innovation participation and/or local innovation benefit (# of innovations)	2,677,018

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	governance (GAP indicator: 1.2.3)			
Outcome 2[195]: 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.	O2.1. No of supported innovations achieving investment readiness benchmarks through technical support and investment brokering packages.	Output 2.1: Strengthened capacity of institutions to understand and better address climate risks Output 2.2: Increased readiness and capacity of national and sub-national entities to directly access and programme adaptation finance	Indicator 2.1.1: Institutions supported to strengthen capacity to understand and address climate risks and resilience (# of institutions, disaggregated by scale and sector) Indicator 2.2.1: Local organizations receiving funding or other direct support under the locally led adaptation modality (# of institutions)	2,223,677
	O2.2. No of innovations with gender responsive business model enabled to lead adaptation for innovation (GAP indicator 2.1.1.)	Output 2.1: Strengthened capacity of institutions to understand and better address climate risks Output 2.2: Increased readiness and capacity of national and sub-	Indicator 2.1.1: Institutions supported to strengthen capacity to understand and address climate risks and resilience (# of institutions, disaggregated by scale and sector) Indicator 2.2.1: Local organizations receiving funding or other direct	764,316

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[195] Outcome 2 indicators primarily align with AF Outputs 2.1 and 2.2, which focus on institutional capacity building and readiness to access adaptation finance. Investment readiness benchmarks are considered part of these outputs. Gender and GESI integration are cross-cutting requirements under AF SRF.

		national entities to directly access and programme adaptation finance	support under the locally led adaptation modality (# of institutions)	
Outcome 3: Evidence and learning from supported adaptation innovations are leveraged to inform replication/scaling pathways, policy programmes, and impact investment practices through strategic partnerships, regional platforms, and global knowledge networks, accelerating inclusive and market-oriented	O3.1. No of innovation for adaptation-focused knowledge products disseminated. O3.3:No of supported innovations whose evidence products are referenced/ presented for investment proposals.	**Output 8.2:** Innovations identified and piloted which build the adaptation innovation evidence base and institutional capacity Output 3.1: Targeted population groups participating in adaptation and risk reduction awareness activities **Output 8.2:** Innovations identified and piloted which build the adaptation innovation evidencebase and institutional capacity**Output 3.1:** Targeted population groups participating in adaptation and risk reduction awareness activities	**8.2.1:** *Innovation focused knowledge products disseminated and/or learning events facilitated that support and enable innovation capacity at a local, national, and/or regional level (# of knowledge products disseminated and/or learning events facilitated)* Indicator 3.1.1: People participating in activities to improve awareness of climate risks and how to address them [# of people, disaggregated by gender, and by vulnerable groups]	1,069,759

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adaptation solutions.	O3.2. No of innovation for adaptation-focused communication products disseminated.	**Output 8.2:** Innovations identified and piloted which build the adaptation innovation evidencebase and institutional capacity**Output 3.1:** Targeted population groups participating in adaptation and risk reduction awareness activities	Indicator 8.2.1: Innovation-focused knowledge products disseminated and/or learning events facilitated that support and enable innovation capacity at a local, national, and/or regional level (# of knowledge products disseminated and/or learning events facilitated) **3.1.1:** *People participating in activities to improve awareness of climate risks and how to address them [# of people, disaggregated by gender and by vulnerable groups]*	2,031,812
	O3.3:No of supported innovations whose evidence products are referenced/ presented for investment proposals.			
Total outcome level grant amount				**13,227,274**

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G. Include a detailed budget with budget notes, broken down by country as applicable, a budget on the Implementing Entity management fee use, and an explanation and a breakdown of the execution costs.

Detailed Budget Breakdown

The detailed budget breakdown and the IE fee, is presented as a separate file in **Annex 8** (as an Excel file). The same budget tables are found below in this proposal.

Budget for the Project

Quantum Outcome (AF Component)	Quantum Output (AF Outcome)	Quantum Activity (AF Output)	Quantum Responsible Party	Quantum Fund ID	Quantum Donor ID	Quantum Budgetary Account Code	Quantum Budget Account Description	Amount Year 2026 (USD)	Amount Year 2027 (USD)	Amount Year 2028 (USD)	Amount Year 2029 (USD)	Amount Year 2030 (USD)	Total (USD)	Budget Note No.
Component 1. Catalytic grants to implement and accelerate innovative adaptation solutions with potential to scale	*Outcome 1: High potential, locally led adaptation innovations, including non for-profit entities and micro, small and medium enterprises (MSMEs), are identified and supported with catalytic finance and technical assistance, improving their readiness for scale and alignment with natio @al adaptation priorities (NAPs/NDCs).*	*Output 1.1: 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.*	UNDP	62040	011602	61300	*Salary & Post Adj Cst-IP Staff*	11,384	12,803	13,059	13,321	13,587	**64,154**	1
						71400	*Contractual Services-Individuals*	55,442	93,686	93,686	93,686	93,686	**430,186**	3
						72100	*Contractual Services-Companies*	50,000					**50,000**	5
						73100	*Rental & Maintenance-Premises*	1,149	1,149	1,149	1,148	1,148	**5,743**	7
		Total Output 1.1						**117,975**	**107,638**	**107,894**	**108,155**	**108,421**	**550,083**	
		Output 1.2: Selected innovations receive catalytic grants and tailored technical support to	UNDP	62040	011602	61300	*Salary & Post Adj Cst-IP Staff*	17,514	19,697	20,091	20,493	20,903	**98,699**	1
						71200	*International Consultants*	26,250	52,500	52,500	52,500	52,500	**236,250**	2
						71400	*Contractual Services-Individuals*	85,295	144,133	144,133	144,133	144,133	**661,825**	3

					Code	Item					Total	
	strengthen operational, financial, and impact readiness, with a focus on gender equality and social inclusion.				71600	Travel	0	26,250	26,250	26,250	26,250	**105,000**	4
					72600	Grants	0	700,000	700,000	700,000	700,000	**2,800,000**	6
					73100	Rental & Maintenance-Premises	1,767	1,767	1,767	1,767	1,767	**8,833**	7
	Total Output 1.2						**130,826**	**944,347**	**944,741**	**945,142**	**945,552**	**3,910,608**	
	Output 1.3: Selected high-impact adaptation innovations from AFCIA 1 receive follow-on catalytic support to scale proven models and demonstrate systemic impact.	UNDP	62040	011602	61300	Salary & Post Adj Cst-IP Staff	13,136	14,773	15,069	15,370	15,677	**74,024**	1
					71400	Contractual Services-Individuals	63,972	108,099	108,099	108,099	108,099	**496,369**	3
					72600	Grants	0	525,000	525,000	525,000	525,000	**2,100,000**	6
					73100	Rental & Maintenance-Premises	1,325	1,325	1,325	1,325	1,325	**6,625**	7
	Total Output 1.3						**78,432**	**649,197**	**649,493**	**649,794**	**650,102**	**2,677,018**	
	Total Outcome 1						**327,233**	**1,701,182**	**1,702,127**	**1,703,092**	**1,704,075**	**7,137,709**	
Total Component 1							**327,233**	**1,701,182**	**1,702,127**	**1,703,092**	**1,704,075**	**7,137,709**	
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 finance ecosystems through tailored technical assistance, business development,	Output 2.1: All supported adaptation innovators receive tailored technical assistance, including business model refinement, thematic support on adaptation approaches, gender-responsive	UNDP	62040	011602	61300	Salary & Post Adj Cst-IP Staff	168,136	189,095	192,877	196,735	200,669	**947,512**	8
						71200	International Consultants	0	136,500	136,500	0	0	**273,000**	9
						71400	Contractual Services-Individuals	82,833	137,024	138,067	139,127	140,201	**637,252**	10
						71600	Travel	1,419	5,905	5,676	5,676	5,676	**24,351**	11
						72100	Contractual Services-Companies	0	0	136,216	136,216	51,081	**323,514**	12
						73100	Rental & Maintenance-Premises	3,610	3,610	3,610	3,610	3,610	**18,049**	13

Component	Outcome	Output				Code	Description						Total	#
	and strategic partnerships.	design, MEL systems, financial planning, and safeguard risk management.												
		Total Output 2.1						**255,998**	**472,134**	**612,946**	**481,363**	**401,237**	**2,223,677**	
						71400	Contractual Services-Individuals	63,111	104,399	105,194	106,001	106,820	485,525	10
						71600	Travel	1,081	4,499	4,324	4,324	4,324	18,553	11
						72100	Contractual Services-Companies	0	0	103,784	103,784	38,919	246,486	12
						73100	Rental & Maintenance-Premises	2,750	2,750	2,750	2,750	2,750	13,751	13
		Total Output 2.2						**66,942**	**111,648**	**216,053**	**216,860**	**152,814**	**764,316**	
		Total Outcome 2						**322,940**	**583,782**	**828,999**	**698,222**	**554,051**	**2,987,994**	
Total Component 2								**322,940**	**583,782**	**828,999**	**698,222**	**554,051**	**2,987,994**	
3. Knowledge, Learning, and Strategic MEL to drive innovation for adaptation, scaling pathways and inform government programs.	Outcome 3: Evidence and learning from supported adaptation innovations are leveraged to inform replication/scaling pathways, policy programmes, and impact investment practices through strategic partnerships, regional platforms, and global knowledge networks, accelerating inclusive and market-oriented	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 peers, government partners, investors, and adaptation practitioners.	UNDP	62040	011602	61300	Salary & Post Adj Cst-IP Staff	72,175	81,173	82,796	84,452	86,141	406,737	14
						71400	Contractual Services-Individuals	68,853	130,922	131,489	132,065	132,652	595,981	15
						73100	Rental & Maintenance-Premises	1,857	1,857	1,857	1,857	1,857	9,285	17
						74200	Audio Visual&Print Prod Costs	0	14,439	14,439	14,439	14,439	57,756	19

adaptation solutions..	**Total Output 3.1**						**142,885**	**228,391**	**230,581**	**232,813**	**235,088**	**1,069,759**	
	Output 3.2: Annual peer learning events, global webinars, and cross-country exchanges are organised to promote south-south and south-north collaboration, uptake of good practices, and cross-sectoral learning among innovators, governments, investors, and UNDP partners.	UNDP	62040	011602	61300	Salary & Post Adj Cst-IP Staff	112,774	126,832	129,369	131,956	134,595	635,526	14
					71400	Contractual Services-Individuals	107,583	204,566	205,452	206,352	207,268	931,221	15
					71600	Travel	7,000	25,000	25,016	26,346	26,458	109,820	16
					74200	Audio Visual&Print Prod Costs	0	22,561	22,561	22,561	22,561	90,244	18
					74200	Translation Costs	5,000	0	0	0	0	5,000	19
					75700	Training, Workshops and Confer	0	130,000	0	0	130,000	260,000	20
	Total Output 3.2						**232,357**	**508,959**	**382,398**	**387,216**	**520,882**	**2,031,812**	
	Total Outcome 3						**375,242**	**737,350**	**612,979**	**620,029**	**755,970**	**3,101,571**	
Total Component 3							**375,242**	**737,350**	**612,979**	**620,029**	**755,970**	**3,101,571**	
Project Execution Costs	Project Management Cost (PMC)	UNDP	62040	011602	61300	Salary & Post Adj Cst-IP Staff	25,220	28,364	28,932	29,510	30,100	142,127	21
					71400	Contractual Services-Individuals	19,604	19,761	19,923	20,089	20,260	99,637	22
					71600	Travel	0	3,512	5,200	5,200	5,200	19,112	23
					72800	Information Technology Equipmt	8,000					8,000	24
					73100	Rental & Maintenance-Premises	8,743	8,743	8,743	8,743	8,743	43,715	25
					74100	Professional Services	0	0	0	0	34,000	34,000	26

						64300	Direct Project Cost-Staff	2,499	15,000	15,000	15,000	15,000	62,499	27
Total Project Management Cost (3%)								64,067	75,380	77,797	78,542	113,304	409,090	
Total Project Cost								1,089,482	3,097,694	3,221,902	3,099,885	3,127,400	13,636,364	
Implementing Entity Fee (10%)								108,948	309,769	322,190	309,989	312,740	1,363,636	
Total Project Grant								1,198,430	3,407,463	3,544,093	3,409,874	3,440,140	15,000,000	

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Implementing Entity (IE) fee breakdown

Category	Services Provided by UNDP	IE fee (USD) AFCIA 2
Identification, Sourcing and Screening of Ideas	Provide information on substantive issues in adaptation and innovation associated with the purpose of the Adaptation Fund (AF).	68,182
	Engage in upstream policy dialogue related to a potential application to the AF.	
	Verify soundness & potential eligibility of identified ideas for AF.	
Feasibility Assessment / Due Diligence Review	Provide up-front guidance on converting general idea into a feasible project/programme.	204,545
	Source technical expertise in line with the scope of the project/programme.	
	Verify technical reports and project conceptualization.	
	Provide detailed screening against technical, financial, social and risk criteria and provide statement of likely eligibility against AF requirements.	
	Determination of execution modality and local capacity assessment of the executing entity.	
	Assist in identifying technical partners. Validate partner technical abilities. Obtain clearances from AF.	
Development & Preparation	Provide technical support, backstopping and troubleshooting to convert the idea into a technically feasible and operationally viable project/programme.	272,727
	Source technical expertise in line with the scope of the project/programme needs.	

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	Verify technical reports and project conceptualization.	
	Verify technical soundness, quality of preparation, and match with AF expectations.	
	Negotiate and obtain clearances by AF. Respond to information requests, arrange revisions etc.	
Implementation	Technical support in preparing TORs and verifying expertise for technical positions.	613,636
	Provide technical and operational guidance to project team. - Verification of technical validity / match with AF expectations of inception report/baseline report.	
	Provide technical information as needed to facilitate implementation of the project activities.	
	Prepare Project Baseline Report	
	Provide advisory services as required.	
	Provide technical support, participation as necessary during project activities.	
	Provide troubleshooting support if needed. Provide support and oversight missions as necessary.	

	Provide technical monitoring, progress monitoring, validation and quality assurance throughout.	
	Allocate and monitor Annual Spending Limits based on agreed work plans.	
	Receipt, allocation and reporting to the AFB of financial resources.	
	Oversight and monitoring of AF funds.	
	Return unspent funds to AF.	
Evaluation and Reporting	Provide technical support in preparing TOR and verify expertise for technical positions involving evaluation and reporting (including for the Mid-Term- and Terminal Evaluations).	204,545
	Participate in briefing / debriefing (including for the Mid-Term and Terminal Evaluations)..	
	IC honoraries (independent evaluator) to carry out the MTR evaluation	
	IC honoraries (independent evaluator) to carry out the TE evaluation	
	Verify technical validity / match with AF expectations of all evaluation and other reports (including for the Mid-Term and Terminal Evaluations).	
	Undertake technical analysis and validate results.	
Total		**1,363,636**

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

Disbursement Schedule with Time-Bound Milestones

	Upon Agreement signature (Year 1)	Year 2	Year 3	Year 4	Year 5	Total
Scheduled Date	1-Jun-2026	1-Jun-2027	1-Jun-2028	1-Jun-2029	1-Jun-2030	
Project Funds	1,089,482	6,808,130	2,303,778	1,839,350	1,595,624	13,636,364
Implementing Entity Fees	610,823	408,488	138,227	110,361	95,737	1,363,636
Total	1,700,305	7,216,618	2,442,005	1,949,711	1,691,361	15,000,000

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 prevailing National Development and Adaptation Plans 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.

Implementing Entity Coordinator

DocuSigned by:

Nancy Bennet

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Nancy Bennet
Executive Coordinator
Vertical Fund Programme Support, Oversight and Compliance Hub
Bureau for Policy and Programme Support
United Nations Development Programme

Date: 10 February 2026	Tel. and email: nancy.bennet@undp.org
Project Contact Person: Radhika Dave, Senior Technical Advisor, Climate Change Adaptation, BPPS	
Tel. And Email: Radhika.dave@undp.org	

PART V: ANNEXES

Annex 1: Lessons Learnt compilation from AFCIA 1

Included as a separate file in this proposal.

Annex 2: Grant Application Format and Evaluation Criteria

Included as a separate file in this proposal.

Annex 3: Social and Environmental Screening Procedure (SESP)

Included as a separate file in this proposal.

Annex 4. Social and Environmental Management Framework (ESFM)

Included as a separate file in this proposal.

Annex 5: Gender Assessment and Action Plan

Included as a separate file in this proposal.

Annex 6a: Stakeholder Consultations and Engagement during the Design Phase

Included as a separate file in this proposal.

Annex 6b: Stakeholder Engagement Plan during the Implementation Phase

Included as a separate file in this proposal.

Annex 7: Minutes from the Stakeholder Consultations

Included as a separate file in this proposal.

Annex 8: Detailed Budget and Breakdown of the IE Management Fee

Included as a separate file in this proposal.

Annex 9: Detailed Multi Annual Workplan

Included as a separate file in this proposal.

Annex 10: Organigram

Included as a separate file in this proposal.

Annex 11: Communications and visibility strategy

Included as a separate file in this proposal.

Annex 12: Detailed background information

Included as a separate file in this proposal.

Annex 13: Methodology for estimating the AFCIA 2 beneficiaries

Included as a separate file in this proposal.

Annex 2 B.

UNDP-Adaptation Fund Climate Innovation Accelerator (AFCIA)
– Preliminary Detailed Proposal Application Format[1]

Overall view of the proposal (list of components):

- Component 1 – General Applicant and Project information
- Component 2 – Objective and purpose of the Grant
- Component 3 - Target Beneficiaries and Gender Action
- Component 4 – Alignment with NAP and AFCIA 2 Priority Areas
- Component 5 – Target impact/results, milestone setting.
- Component 6 – Proposed activities and workplan
- Component 7 – Environmental, Social, and Governance Risks Screening
- Component 8 – Project-related Risks Identification and Management Measures
- Component 9 – Budget
- Component 10 – Legal information
- Component 11 – Sustainability, Scale, Financial Viability, and Technical Assistance and Business Advisory Support Plan
- Annex A - List of not-funded activities
- Annex B - Social and Environmental Risks Screening template for the selection of the supported activities

Please indicate the grant size that you are applying for (click the box):

If you are an MSME:

☐ $40,000 (Innovation Challenge)
☐ $140,000 (grant)

If you are an NGO /CSO:

☐ $200,000 (grant) – New grantees AFCIA 2
☐ $100,000 (grant) – Grantees AFCIA 1

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[1] This preliminary grant application format is aimed to provide an overview of the questions and level of information that will be requested to the longlisted applicants. However, the format is subject to further changes and improvements during the implementation phase.

Component 1 – General Applicant and Project Information

Information about the applicant	
Name of the organization	
Establishment date of the organization	
Country of registration	
Country of operation	
Main contact person	
Organization website	

Basic information about the project	
Project title	
Country where project is to be implemented	
Locality(ies)/region(s) within country	

Type of Intervention	Please mark with an "X" those that apply
Water, Sanitation and Hygiene (WASH)	
Education /knowledge use or generation	
Sustainable consumption and production	
Testing a technology	
Habitat conservation /reforestation /afforestation	
Disaster risk reduction	
Sustainable housing/ infrastructure	
Business development/entrepreneurship	
Sustainable lifestyles (cooking, use of renewable energies, use of renewable water sources, etc)	
Financial products/services	
Other (please specify):	

Relevant SDGs Project Aiming to Achieve		
SDG	**SDG Description**	**Please mark with an "X" those that apply**
1	End poverty in all its forms everywhere	
2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	
3	Ensure healthy lives and promote well-being for all at all ages	
4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	
5	Achieve gender equality and empower all women and girls	
6	Ensure availability and sustainable management of water and sanitation for all	

7	Ensure access to affordable, reliable, sustainable, and modern energy for all	
8	Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all	
9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	
10	Reduce inequality within and among countries	
11	Make cities and human settlements inclusive, safe, resilient, and sustainable	
12	Ensure sustainable consumption and production patterns	
13	Take urgent action to combat climate change and its impacts	
14	Conserve and sustainably use the oceans, seas, and marine resources for sustainable development	
15	Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	
16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels	
17	Strengthen the means of implementation and revitalize the global partnership for sustainable development	

Q. #	Pre-Screen Questions	Documents to review to determine your response[2]	Response (Y/N)	Comments (if answer is no)
1	Is the NGO/CSO a legal entity that is currently registered to operate in the country?			
2	Is the MSME a legal entity that is currently registered to operate in the country?			

[2] No need to submit as annexes all these documents, they should be rather used as a reference to inform and substantiate your response. Please refer to Component 7 where we ask you to submit specific documents as annexes along with this proposal format.

2	Does the entity have access to beneficiaries in the geographic areas covered by the project, or the affected area(s)?			
3	Are the project outputs proposed to be delivered by this entity aligned with its mandate, constituency base and experience?			
4	Is the entity's leadership willing to implement the proposed project?			
5	Has the government raised any objections to this entity being considered as a Partner for this project?			
6	Is the entity financially healthy based on its most recent financial statements?			
7	Can the entity physically receive funds from UNDP in a secure and accountable manner?			

Please list any website, social media or other online presence of your organization (news, Twitter, FB, YouTube etc.):

Please list and provide details about previous projects your organisation implemented, with a similar scope or focus:

Component 2 – Objective and purpose of the Grant (maximum 500 words)

This section is an Executive Summary of your proposed solution. Please provide a compelling summary of how and why your proposed solution tackles the specific challenge of climate change adaptation. What particularly makes it unique or innovative? Indicate the purpose of the grant and describe the result(s) the grant is expected to achieve. Explain why the grantee is uniquely suited to deliver on the objectives. The response must address the following five question. (500 words)

1. Please provide a compelling summary of how and why your proposed solution tackles the specific challenge of climate change adaptation.
2. How does your proposed solution/practice/business model create, test, deploy or diffuse a new, adapted or improved adaptation solution—developed for your specific context and with the inclusion of the communities most vulnerable to climate change—compared to the current status quo?
3. Indicate the purpose of the grant and describe the result(s) the grant is expected to achieve.
4. Explain why the grantee is uniquely suited to deliver on the objectives. Please describe the anticipated real and practical impact of the project in terms of innovative adaptation practices, tools, and technologies
5. Elaborate if there are any targeted group(s)/ geographical area that will benefit from the grant, other than the Recipient Institution. If so, who are the targeted groups/geographical areas, and how will any potential beneficiaries be selected? (Please respond in the table below)

	Description/Details
Targeted group(s)/beneficiaries, e.g., marginalised, conflict-affected, displaced population, disability, women, etc. (maximum 100 words)	
Geographical Area of Targeted/beneficiaries' groups (max 50 words)	
Potential beneficiaries' selection criteria (max 50 words)	
No of direct Beneficiaries	
No of indirect Beneficiaries	
Total beneficiaries (direct or indirect)	

Component 3 - Target Beneficiaries and Gender Action

Please describe the social status of the proposed beneficiaries (e.g. income level; whether they are marginalised groups such as low-income households, informal workers, indigenous communities, youth, women, or persons with disabilities). In line with Gender Marker 2[3] (gender equality as a principal project objective), summarise the gender analysis informing the project, explain how gender equality and women's empowerment will be mainstreamed across all components, and outline a concise gender action plan. Where possible, set quantitative and qualitative gender targets linked to specific project activities and results (e.g. women's participation and leadership, access to and control over assets and finance, reduced unpaid care and work burdens, access to climate-resilient technologies and services), with sex-disaggregated indicators for women, men, girls and boys. Please respond in the spaces provided below. You may wish to mirror these gender-related indicators in Component 4 – Target Impact/Result and Milestones, and align them, where relevant, with the gender-responsive commitments and indicators contained in the country's NAP, NDC and the Adaptation Fund results framework.

1. Describe the social status of the beneficiaries (e.g., level of income, whether it is women, youth, marginalized groups, Indigenous Peoples, people with disabilities, etc.) (Maximum 100 words).
2. Provide gender-mainstreaming information, and a gender action plan (if possible, set gender targets linked to the project activities and targets) (Maximum 200 words).

Component 4 –Alignment with NAP and AFCIA 2 Priority Areas

4.1. How is the proposed solution aligned with National Adaptation Plan (NAPs), which thematic areas of NAPs does the solution contribute to (Maximum 250 words)

NAPs Priority Areas	Project Indicators contribute to NAPs (map your indicator) against each area)

4.2 Detail the specific contribution your project will make to the AFCIA 2 Priority Areas. (Maximum 250 words)

AFCIA 2 Priority Areas	Project Indicators Contribute to AFCIA 2 Priority Areas (Map your indicator against each area.)
Climate-resilient food systems	

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[3] Gender Marker 2 (GEN2): This rating is used where gender equality and the empowerment of women and girls are a significant objective of the intervention. The project is informed by gender analysis and includes specific activities, indicators and resources that are expected to deliver measurable improvements in gender equality, even if its primary objective lies in another development area (e.g. climate resilience or livelihoods).

Nature Based Solutions	
Disaster Risk Reduction (DDR)	

Component 5 – Target impact/results and Milestone (2-year implementation duration for MSMEs and 3 years implementation duration for NGOs/CSOs)

Please list your target impact/results and envisaged milestones (which are disbursement-linked). The grantee will receive 30% funding after signing the grant agreement (1st tranche), 30% once they achieve their first milestones (2nd tranche), 20% once they achieve their second milestone (3rd tranche), and 20% for the final tranche once they achieve their third milestone (4th tranche). The UNDP Project team will negotiate these milestones with your organisation and finalize them in the grant agreement.

Target/results summary

1. Please ensure to consider the total number of direct and indirect beneficiaries while formulating indicators.
2. Please make sure at least one indicator is tied to gender empowerment.
3. No need to have too many indicators (quality is more important than quantity)
4. Please highlight some social indicators (e.g., XX number of youths trained, XX number of marginalised groups supported, etc.)
5. Proposed indicators should be SMART[4].
6. Include indicators related to gender action plan.

Include indicators related to your own capacity building planOutput	INDICATOR(S)	Unit of Measurement	Means of verification/ Data source	Existing Baseline. (Current situation) ; If no baseline, add zero.	MILESTONES			
					6 months targets for MSME / 9 months targets for NGOs (1ST Milestone)	12-month targets for MSME / 18-month targets for NGOs (2nd Milestone)	18 months targets for MSME / 27-month target for NGOs (3rd Milestone)	2 months targets and final report for MSMEs / 36-month target and final report for NGOs (4th Milestone)
Output 1	Indicator 1							
	Indicator 2							
Output 2	Indicator 1							
	Indicator 2							
Output 3	Indicator 1							

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[4] Indicators should be SMART (Specific, Measurable, Achievable, Relevant and Time-bound).

Component 6 – Proposed activities and workplan (2-year implementation duration for MSMEs and 3 years implementation duration for NGOs/CSOs)

Describe the activities that will be completed to achieve the objectives using the table below. Please use 20-30% of the budget to focus on capacity building for your own organization. This could be in the form of training, hiring additional personnel, or upgrading/purchasing IT systems or hardware. (Please make sure your organization has photo/video-taking equipment. If not, please build it into the budget.

Output (add rows to adjust your output)	Indicator[5]	Planned Activities[6]	Timeline[7]							Planned Budget for the Activity[8]
			3 months	6 months	12 months	18 months	24 months	30 months	36 months	
TOTAL										

Component 7 – Environmental, Social, and Governance Risks Screening

Potential adverse risks and impacts may arise from activities that are site-specific and involve physical interventions ("downstream" activities) as well as "upstream" activities involving planning, policy and/or sector reform, and capacity building. These are activities with potential social and environmental risks and impacts on physical, biological, socioeconomic, and/or cultural resources.

Activities above a Moderate potential risk will not be permitted, those are Significant and High risk activities, and they are included in Annex A "List of not-funded activities".

Annex B presents a comprehensive Screening of the Social and Environmental Safeguard Risks that should be identified by the grantee and submit with this proposal (kindly fill out Annex B in its totality).

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[5] Indicators should be SMART (Specific, Measurable, Achievable, Relevant and Time-bound)
[6] State what activities will be completed with the grant Funds. Use as many activity lines as necessary.
[7] Define the time periods relevant for the project and indicate when specific activities are expected to be completed. Please elaborate your timeline and budget considering when the tranches of funds for this grant will be released (upon signature 6, 12 and 18 months).
[8] The budget must be presented in United States Dollars (USD)

These risks are the ones that arise from the project (grant implementation), and affect the socio-economic, environmental and governance contexts where implementation of activities will take place.

Following the project´s Environmental and Social Management Framework (ESMF), at the stage of signing the legal agreement with the grantees, there is a need for the grantee to screen the safeguard risks, provide a justification for those risks that are considered to not be generated by the project, and for those risks that may occur - a scoring has been provided. Preliminary management measures to manage the potential safeguard risks are provided by the grantee to maintain the risk scoring in low and medium. Once implementation of the legal agreement (grant) starts, the PMU will provide training and technical assistance to grantees to refine and strengthen the management measures, and produce a plan that will be regularly monitored, with support of AFCIA's safeguard specialist.

Please know that according to UNDP´s Social and Environmental Screening Procedure (SESP), the program is overall rated at medium risk. Therefore, we cannot provide grants to activities that could potentially generate (negative) substantial or high safeguard risks. If you have doubts about a risk being substantial or high, please leave a note, and we will be able to review it with you and our AFCIA safeguards specialist and propose adequate management measures that can bring it down to a tolerable level.

Component 8 – Project-related Risks Identification and Management Measures

Indicate relevant risks that arise from the context, and which could affect the achievement of the grant objectives. Risks include security, financial, operational, social and environmental or other risks. Please include the mitigation measures that will be put into place to maintain the risks at a low level.

Risk	Risk rating* (High/Medium/ Low)	Mitigation measures

*The risk rating is based on a reflection of the likelihood of the risk materializing and the consequence it will have if it does occur.

Component 9 – Budget (USD).

Please make sure this table is aligned with the work plan table in component 3.

Please note that all budget lines should be for costs related only for the achievement of the outputs and activities of this project proposal.

Kindly ensure to check the total balance; each row adds to the total row, and each column adds to the total column. <u>In addition to this budget in Word format, please share with us the budget in Excel.</u>

General Category of Expenditures	Tranche 1	Tranche 2	Tranche 3	Tranche 4	TOTAL
TOTAL					

Component 10 – Legal information

Along with the application format, please provide us with your organization's legal registration information, whether it is a PDF, picture, or online registration data, to show the not-for-profit status (Also indicate if it's a hybrid organization – please note the funds will only flow to the non-profit). Also, provide the tax registration number, which is mandatory in your country of operation. Please provide us with any recent financial statements and the annual report of your organization (if it exists).

If you are applying to work in a consortium, please provide the information of your local partner and the entity that will receive funding (which must be a not-for-profit entity).

Component 11 – Sustainability, Scale, Financial Viability, and Technical Assistance and Business Advisory Support Plan

This section assesses your project's long-term plan, financial model, and growth potential beyond the AFCIA 2 grant. We want to understand how your project's impact will be sustained and scaled after the funding period ends.

11.1 Project Economics and Value for Money (Cost Efficiency)
AFCIA would like to demonstrate that your solution is delivered efficiently and offers better value than alternatives, leading to a pathway for reduced grant dependence. Cost Efficiency and Improvement (Maximum 350 words)

Analyze the costs associated with delivering your solution and explain how this grant will improve efficiency. Your response must cover:

1. Core Delivery Costs (Unit Economics): Explain the key costs involved in delivering your solution to one person or one community (your "unit"). For example, what is the cost per beneficiary or the cost per unit of technology/service delivered? Clearly identify the main drivers that make this cost high or low.
2. Comparison and Value: Provide at least one external comparator (e.g., a similar market solution, a government program, or an NGO alternative) and explain why your model is more cost-effective or better value.
3. Sensitivity and Grant Impact: Discuss the factor(s) that most significantly affect your current unit cost (e.g., lack of volume, supply chain, delivery method). Then, explain exactly how the AFCIA grant and technical assistance (TA) will be used to lower this cost over time through volume gains, operational learning, or system upgrades.

(Attachment Optional: You may submit a separate 1–2 page document detailing your financial model and assumptions [PDF].)

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11.1 Post-Grant Operating Plan and Capacity Building
Kindly articulate a realistic plan for maintaining the project's success and covering operational costs after the grant funding ends by answering the following questions.
(Attachment Optional: Revolving-fund Standard Operating Procedure [PDF])

Q1. Sustainability Model and Post-Grant Plan (Maximum 200 words)
The sustainability model and post-grant plan must cover the following questions:

- Business Model (Select & Explain, maximum 60 words): Check the box that best describes your long-term model for covering operating costs and briefly explain your choice:
  ☐ Earned revenue (Majority of costs covered by sales/fees)
  ☐ Hybrid (Costs covered by a mix of grants and earned revenue or beneficiary contributions)
  ☐ Grant-dependent (Transition plan in place for diversification)
  ☐ Grant-dependent (No transition plan, relies on future grants)

- Current Financial Snapshot:
  - Percentage of operating costs covered by earned revenue: [%]
  - Cash runway (how many months you can operate with current cash): [months]

- Post-Grant Continuation (maximum 140 words): Can your organization continue the project for 24 months after the grant without seeking new large grants? If Yes/Partial, describe the mechanisms (e.g., future revenue mix, confirmed contracts, policy adoption, support from other agencies) that ensure continuity.

- Capital Rotation/Revolving: ☐Yes / ☐ No. If Yes, describe the mechanism and expected annual rotation multiple (e.g., 1.5).

Q2: Grantee-Based Capacity Building (Maximum 200 words)
Provide a description of how you plan to build your own organizational capacity using 20-30% of the project budget. Explain how these investments (e.g., training, hiring, IT systems) directly contribute to achieving the project objectives, outputs, and long-term sustainability.

11.2 Scale-Up and Investment Readiness

This section aims to assess the potential for your solution to be adopted widely and attract follow-on investment from various sources (public, private, or philanthropic).

Q1: Resource Mobilisation and Co-Finance (Maximum 300 words)

Describe your readiness to grow and attract follow-on funding and resources. The response must include the following points:

1. Resource Absorption (maximum 150 words): What types of external financing or support (e.g., loans, guarantees, large foundation grants, government subsidies, or carbon credits) is your organization prepared to receive to enable scaling? What financial metrics (e.g., cash flow, reserves, donor diversification) do you monitor to demonstrate financial health and readiness to potential partners?
2. Co-finance/Match (maximum 150 words): Detail any existing (confirmed) or planned (pipeline) co-finance from other sources. State the status, the amounts by source and currency, and the expected timing.

Q2: Leverage, Adoption, and Catalytic Effect (Maximum 300 words)

The response must address the following questions:

1. Leverage and Catalytic Effect (maximum 160 words): State your target leverage (additional capital mobilized ÷ grant amount). What precisely will the AFCIA grant accelerate (e.g., faster market entry, proving technology, policy integration, achieving a lower cost curve)?
2. Adoption Pathway (maximum 140 words): Describe the pathway for broader adoption and scale, including any specific plans for government integration or securing anchor-buyer commitments for continuation.

11.3 Partnerships and UNDP Technical Assistance Needs (Maximum 300 words)
The response must address the following questions:

1. Partnerships for Scale (maximum 160 words): List any existing or planned Memoranda of Understanding (MoUs) or Letters of Intent (LoIs) for scaling. Briefly include the partner's name, scope, roles, and anticipated contribution.
(Attachment Optional: MoUs/LoIs/term sheets [PDF] as applicable.)

2. UNDP Technical Assistance Needs (maximum 140 words): Indicate the specific type of support you would like to receive from UNDP (this support will not consume any of your project budget, as UNDP finances it separately). List 3-5 types of technical assistance/support (e.g., Legal Counsel, Investment Brokering, M&E System Development) and add a short description for each area.

ANNEX A

List of not-funded activities

Potential adverse risks and impacts may arise from activities that are site-specific and involve physical interventions ("downstream" activities) as well as "upstream" activities involving planning, policy and/or sector reform, and capacity building.

These are activities with potential social and environmental risks and impacts on physical, biological, socioeconomic, and/or cultural resources.

Activities above a Moderate potential risk will not be permitted, those are Significant and High risk activities. They are defined as follows:

<u>High Risk</u>

Defined by UNDP's SES as "Projects that include activities with potential significant and/or irreversible adverse social and environmental risks and impacts, or which raise significant concerns among potentially affected communities and individuals as expressed during the stakeholder engagement process."

<u>Substantial Risk</u>

Defined by UNDP's SES as "Projects that include activities with potential adverse social and environmental risks and impacts that are more varied or complex than those of Moderate Risk projects but remain limited in scale and are of lesser magnitude than those of High Risk projects (e.g. reversible, predictable, smaller footprint, less risk of cumulative impacts). Substantial Risk projects may also include those with a varied range of risks rated as "Moderate" that require more extensive assessment and management measures."

Below is the indicative list of activities that may be expected to fall into these levels of risks, called High or Significant Risk. Therefore, based on the above, the following activities/impacts are not permitted:

1) Activities with significant or high adverse social and/or environmental impacts:
   a. To local communities or other project affected parties.
   b. Which may involve displacement and/or resettlement[9]
   c. Activities which may adversely impact the rights, lands, territories and resources of indigenous peoples
   d. Activities which may adversely impact critical habitats
   e. Activities which may result in significant adverse impacts to Cultural Heritage
   f. That violate the human rights
   g. That do not comply with relevant environmental and social national/state/local regulations.

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[9] Displacement and/or resettlement refers here to potential scale. projects involving physical resettlement and/or economic displacement are generally considered High Risk. However where potential displacement and/or resettlement may be minimal, UNDP may determine that its requirements could be met with application of standard best practice and mitigation measures without the need for a full ESIA.

2) Extraction and harvesting activities:
    a. Groundwater abstraction activities or artificial groundwater recharge schemes in cases where the annual volume of water to be abstracted or recharged amounts to 10 million m3 or more
    b. Industrial-scale commercial harvesting operations of tree plantations.
    c. Large-scale logging or deforestation of large areas
    d. Large-scale peat extraction
    e. Large-scale quarries and open-cast mining, and processing of metal ores or coal

3) Land, agriculture, livestock projects:
    a. Large-scale land reclamation or sea dredging operations
    b. Large-scale primary agriculture or forestation, reforestation, or afforestation involving intensification, land use change or conversion of natural habitats, priority biodiversity features and/or critical habitats
    c. Industrial plants for the production of pulp from timber or similar fibrous materials or production of paper and board
    d. Large-scale installations for the intensive rearing of poultry or livestock
    e. Plants for the tanning of hides and skins where the treatment capacity exceeds 12 tonnes of finished products per day

4) Large-scale infrastructure (construction and/or expansion):
    a. Construction of motorways, express roads and lines for railway traffic; airports; new roads of four or more lanes; realignment and/or widening of existing roads to provide four or more lanes of 10 kilometers or more in a continuous length
    b. Large-scale sea and river ports and also inland waterways and ports for inland-waterway traffic; trading ports, piers for loading and unloading connected to land, and outside ports (excluding ferry piers)
    c. Large dams[10] and complex dams and other impoundments designed for the holding back or permanent storage of water, including, for example, for hydroelectric projects, water supply for irrigation or municipal water supply and other purposes, and flood control.

5) Large-scale energy and fuel projects, including transmission/transport (construction and/or expansion):
    a. Crude oil refineries
    b. Thermal power stations and other combustion installations (w/ heat output of at least 300 MW)
    c. Extraction of petroleum and natural gas for commercial purposes
    d. Installations for storage of petroleum, petrochemical, or chemical products
    e. Pipelines, terminals and associated facilities for the large-scale transport of gas, oil and chemicals
    f. Construction of high-voltage overhead, underground or submarine electrical power lines
    g. Large-scale wind power installations for energy production (wind farms)
    h. Installations for the capture of CO_2 streams (generally of 1.5 megatonnes or more) and construction of sites for the geological storage of CO_2

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[10] Large dams are defined as those with a height of 15 meters or more from the foundation. Dams that are between 5 and 15 meters high and have a reservoir of more than 3 million cubic meters are also classified as large dams. Complex dams are those of a height between 10 and 15 meters that present special design complexities, including an unusually large flood-handling requirement, location in a zone of high seismicity, foundations that are complex and difficult to prepare, or retention of toxic materials.

6) Waste and chemicals projects:
   a. Waste-processing and disposal installations for the incineration, chemical treatment or landfill of hazardous, toxic or dangerous wastes
   b. Large-scale waste disposal installations for the incineration or chemical treatment of nonhazardous wastes (generally with capacity exceeding 100 tonnes per day)
   c. Municipal wastewater treatment plants with a capacity exceeding 150,000 population equivalent
   d. Municipal solid waste processing and disposal facilities
   e. Integrated chemical installations, i.e. those installations for the manufacture on an industrial scale of substances using chemical conversion processes, in which several units are juxtaposed and are functionally linked to one another and which are for the production of: basic organic chemicals; basic inorganic chemicals; phosphorous, nitrogen or potassium based fertilizers (simple or compound fertilizers); basic plant health products and biocides; basic pharmaceutical products using a chemical or biological process

7) Large-scale tourism and retail development

8) Other:
   a. Any activities that do not appear on the project proposal submitted by the grantee for the AFCIA will not be permitted. This is because activities listed in the project proposal developed by each grantee represent the basis for risk categorization and the applicability of this agreement.
   b. Any other activities not listed above that may be identified as High or Significant Risks along the AFCIA when the detailed information for each project are known and assessed. This is because the final categorization of each activity will depend on the nature and extent of any actual or potential adverse social and environmental impacts, as determined by the specifics of its design, operation, and location.

Any activity that may not be identified as High or Significant Risk but may join and/or support through any of its means third-party initiatives/projects that fall under High or Significant Risk activities.

ANNEX B

Social and Environmental Risks Screening template for the selection of the supported activities

The selection process of the supported activities will involve targeted screening which will combine the relevant UNDP Social and Environmental Screening criteria and the Adaptation Fund Environmental and Social Principles. The backbone of this screening system is presented below and a deeper evaluation is conducted later ensuring the collaboration of the grantees:

Table -1 Social and Environmental Risks Screening template for the selection of the supported activities

Social and Environmental Risks Screening	Y/N	Measures to be taken to avoid, minimize or offset these risks
Compliance with the Law:		
Is there a risk that the project would not comply with all applicable domestic and international law?		
Access and Equity:		
Is there a risk that the project would not provide fair and equitable access to benefits in a manner that is inclusive and does not impede access to basic health services, clean water and sanitation, energy, education, housing, safe and decent working conditions, and land rights?		
Is there a risk that the project would exacerbate existing inequities, particularly concerning marginalized or vulnerable groups?		
Marginalized and Vulnerable Groups:		
Is there a risk that the project would impose any disproportionate adverse impacts on marginalized and vulnerable groups, including children, women and girls, the elderly, indigenous people, tribal groups, displaced people, refugees, people living with disabilities, and people living with HIV/AIDS.		
Human Rights:		
Is there a risk that the project would not respect and, where applicable, promote international human rights?		
Gender Equality and Women's Empowerment:		
Is there a risk that the project would not be designed and implemented in such a way that both women and men (a) have equal opportunities to participate; (b) receive comparable social and economic benefits; and (c) do not suffer disproportionate adverse effects during the development process.		
Core Labour Rights:		
Is there is risk that the project would not meet the core labour standards as identified by the International Labor Organization?		
Indigenous Peoples:		
Is there a risk that the project would be inconsistent with the rights and responsibilities set forth in the UN Declaration on the Rights of		

Indigenous Peoples and other applicable international instruments relating to indigenous peoples?		
Involuntary Resettlement:		
Is there a risk that the project would not be designed and implemented in a way that avoids or minimizes the need for involuntary resettlement.		
When limited involuntary resettlement would be unavoidable, is there a risk that due process should be observed so that displaced persons shall be informed of their rights, consulted on their options, and offered technically, economically, and socially feasible resettlement alternatives or fair and adequate compensation?		
Protection of Natural Habitats:		
Is there a risk that the project would involve unjustified conversion or degradation of critical natural habitats, including those that are (a) legally protected; (b) officially proposed for protection; (c) recognized by authoritative sources for their high conservation value, including as critical habitat; or (d) recognized as protected by traditional or indigenous local communities?		
Conservation of Biological Diversity:		
Is there a risk that the project would cause any significant or unjustified reduction or loss of biological diversity or the introduction of known invasive species?		
Climate Change:		
Is there a risk that the project would result in any significant or unjustified increase in greenhouse gas emissions or other drivers of climate change?		
Pollution Prevention and Resource Efficiency:		
Is there a risk that the project would not be designed and implemented in a way that meets applicable international standards for maximizing energy efficiency and minimizing material resource use, the production of wastes, and the release of pollutants?		
Public Health:		
Is there a risk that the project would not be designed and implemented in a way that avoids potentially significant negative impacts on public health?		
Physical and Cultural Heritage:		
Is there a risk that the project would not be designed and implemented in a way that avoids the alteration, damage, or removal of any physical cultural resources, cultural sites, and sites with unique natural values recognized as such at the community, national, or international level?		

Is there a risk that the project would permanently interfere with existing access and use of such physical and cultural resources?		
Lands and Soil Conservation:		
Is there a risk that the project would not promote soil conservation and avoid degradation or conversion of productive lands or land that provides valuable ecosystem services?		

Where the screening of the fully defined projects activities identifies potential social and environmental risks that could be categorized as Substantial or High Risk, these activities will be either redesigned to eliminate and/or minimize such risks or excluded from further consideration.

Annex 2C: Preliminary Grantee Selection Process and Evaluation Criteria[1]

The following section presents the necessary steps before a grant can be awarded. Since the selection of a grantee is a programmatic decision, these criteria will be consulted with the Grant Selection Committee and will seek Project Board Approval.

Social and environmental standards play a particularly important role when planning for the use of grants to ensure meaningful stakeholder engagement and that social and environmental risks are identified, avoided (where possible) and managed. This includes UNDP's Accountability Mechanism, which provides an important tool to receive and respond to concerns of potential or actual harm from project-affected people.

The dedicated Grant Selection Committee is set up for the review and selection of grants. Conflicts of interest during the grant selection can arise with individual members of the project board or the grant selection committee in some instances. Members of the selection committee or project board and their affiliated institutions are not eligible to receive grants.

Grant selection criteria play a central role in any successful grant programme and require careful consideration. Particularly in cases where the number of grant applications is expected to exceed the resources for grants, the selection criteria must be suitable to rank grant proposals and/or to restrict the space for approving grant proposals that do not meet the minimum quality standards. Selection criteria may include issues such as the feasibility of the proposal, the credibility of the partner, and the consideration of risks. While subjective considerations are important, selection criteria cannot be arbitrary and must be defensible vis-à-vis stakeholders. The final set of selection criteria (for shortlisting and final selection) must be signed off by the project board or selection committee. Hereby, the proposed grant application format and selection criteria are as follows:

1. The Long Listing
2. The Short Listing
3. Final Selections & Due Diligence (DD)

The long listing: Each applicant is required to complete a concise online application via the UNDP AFCIA portal detailing fundamental organisational data and addressing specific criteria related to adaptation, innovation, self-sustainability, and Environmental, Social, and Governance (ESG) safeguard factors. This initial application form is utilised for the longlisting process. The objective is to efficiently decrease the volume of submissions to a manageable figure based on the degree of alignment between the grant applicants' work and the AFCIA Theory of Change as indicated in the proposal.

The short listing: Long-listed grant applicants move forward by submitting a detailed proposal.

Final Selection and DD: Final selection involves inviting the shortlisted grant applications to detailed interviews with the Project Management Unit (PMU) and consultants. This is a crucial due diligence step designed to critically assess the viability of the proposed solution and the strength and capacity of the implementing team. The process is structured into two phases: Phase I focuses on the clarity of vision and strategic roadmap by interviewing the founders or project head, while Phase II validates the on-the-ground capability by meeting with the wider implementation team and key personnel. Given that AFCIA 2 is dedicated to early-to-mid and mid-stage organisations, this rigorous process operates on the assumption that applicant teams are highly organised, well-developed, and possess a deep, comprehensive understanding of their project. This level of thorough vetting is essential to ensure that we only select the most impactful projects led by the most capable teams, guaranteeing the grant funding

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[1] This preliminary document aims to provide an overview of the grantee selection process and the evaluation criteria to carry the longlisting, shortlisting and final selection of grantees. However, it is subject to further changes and improvements during the implementation phase.

acts as a powerful catalyst for accelerated, exponential growth and impact. The set of questions for the DD phase is attached to this Annex.

Figure 1 and Table 1 illustrate the end-to-end grant cycle at a high level, spanning the full process from sourcing through to the closure and tentative timeline of the AFCIA 2 grant project, respectively.
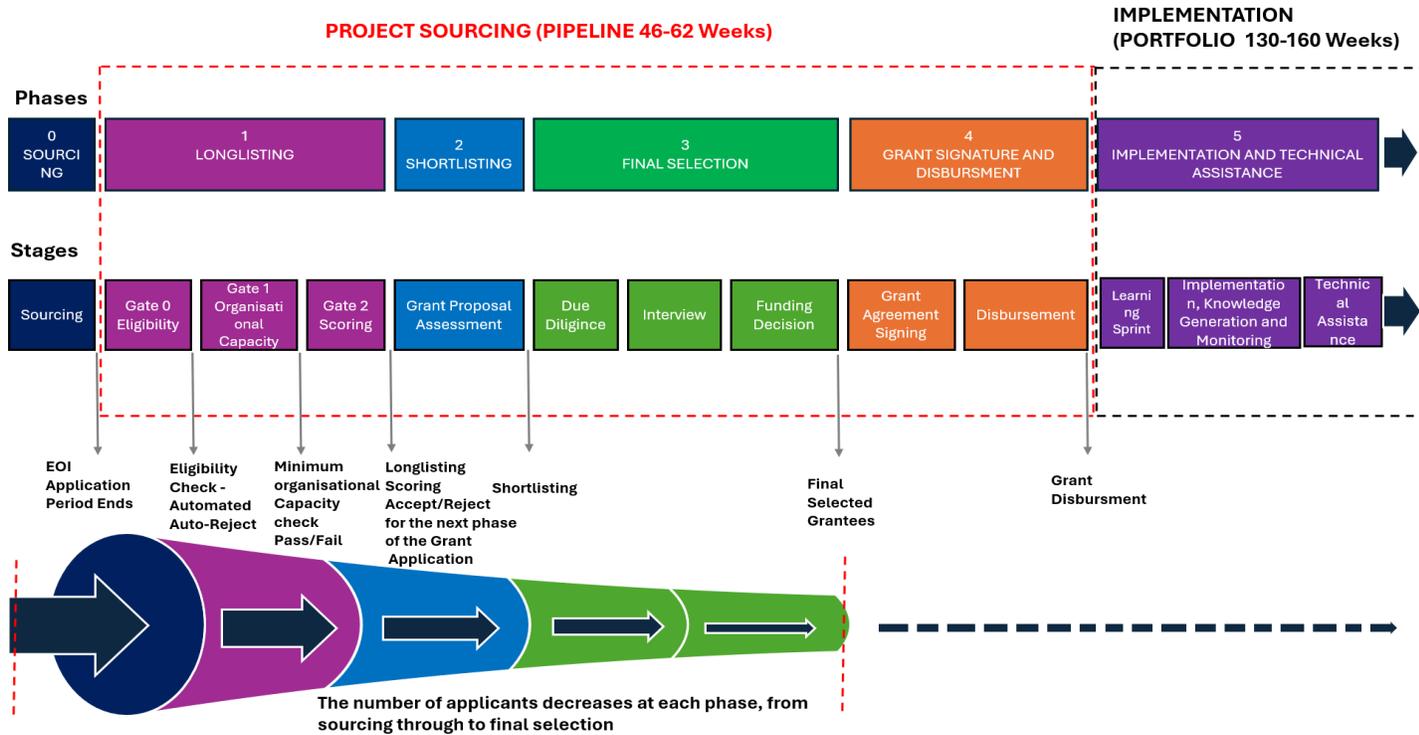
(Figure 1)

Phase	Timeline
Phase 0: Sourcing	8-12 Weeks (Q2 2027)
Phase 1: Long Listing	2-4 Weeks (Q3 2027)
Phase 2: Shortlisting	8-9 Weeks (Q3 2027)
Phase 3: Final Selection	8-12 Weeks (Q4 2027)
Phase 4: Grant Agreement Signing, Revoiew, and Disbursement	20-25 Weeks (Q1 - Q2 2028)
Phase 5: Implementation and Technical Assistance	130 Weeks - 160 Weeks (Q3 2028 – Q2 2031)

(Table 1)

1. **Longlisting**

PMU will be assigned to the initial long listing process. The goal for long-listing is to reduce the total number of applications to a reasonable number for the grant selection committee to shortlist. AFCIA 2 anticipate a total of 600-800 applications. The longlisting will reduce the number of applications by 35-40%.

AFCIA 2 long-listing will follow a three-gate design — Gate 0 (Eligibility), Gate 1 (Minimum Capacity), and Gate 2 (Scored Longlisting Criteria)—ensuring a fair, defensible, and efficient selection process suited to high application volumes while upholding UNDP standards. Gate 0 screens for non-negotiables (legal standing, adaptation scope, sanctions/safeguards compliance) so ineligible or misaligned proposals do not consume review time. Gate 1 verifies a basic ability to deliver (organisational age, minimal staffing, and financial evidence) to avoid advancing concepts that cannot be executed within a 24 to 36 month cycle. Applications that clear both gates are then assessed on a balanced scoring framework focused on what matters for adaptation impact at scale: (i) Adaptation need and fit—a clear risk-to-result pathway anchored in evidence; (ii) Innovation—improvement over the status quo in cost, usability or outcomes; (iii) Scale and replicability—credible channels, partners and unit economics; (iv) Beneficiaries and inclusion—specific, measurable outcomes for women and marginalised groups; (v) Financial sustainability and co-finance—the ability to operate post-grant and mobilise match funding; (vi) Organisation capacity and delivery risk—teams and plans that can execute; and (vii) ESG safeguards—no unresolved safeguards risks. We explicitly include Financial Sustainability & Catalytic Finance to favour models that recycle working capital and/or absorb private capital, ensuring the grant acts as a catalyst rather than a one-off subsidy. This structure reduces subjectivity, supports transparent ranking and portfolio balance, and increases the probability that awards convert quickly into credible, scalable, and durable adaptation outcomes.

Gate 0 — Eligibility (auto-fail if "No")

G0.1 Legal registration (required)
   a.   Country of registration
   b.   Legal form
   c.   Registration number and issuing authority
   d.   Upload: Registration certificate (PDF, ≤10 MB)
   e.   Is your registration current and in good standing?

G0.2 Activity fit (required)
   a.   Countries of implementation
   b.   Adaptation hazards addressed (select all that apply): Floods / GLOF / Storm surges / Temperature rise & Heatwaves / Droughts & Rainfall variability / Sea-level rise & Salination / Coastal erosion / Other
   c.   Do proposed activities directly reduce vulnerability to selected hazards within 24 to 36 months?

G0.3 Sanctions & compliance (required)
   a.   Organisation and key signatories are not on UN/EU/OFAC sanctions lists.
   b.   There are no unresolved safeguarding violations.
   c.   Upload: Signed compliance attestation (template)

Decision rule (Automatic System Run) –
   •   Gate 0: Any "No" in G0.1.e, G0.2.c, or G0.3.a–b, or missing required uploads will lead to an auto reject (Ineligible to apply)

Country of Registration and country of operations in the sanctions list will lead to an automatic rejection by the system. In addition, for a proposal to be considered, both the country of registration and the country of operation must fulfill Adaptation Fund's eligibility criteria by targeting developing country Parties to the Kyoto

Protocol or the Paris Agreement that are particularly vulnerable to the adverse effects of climate change, including low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems.

Gate 1 — Minimum Ca,pacity (binary – Pass/Fail)

G1.1 Organisation profile

a. Year established (YYYY)(system auto-calculates age)
b. Full-time employees (FTE)
c. At least one prior pilot/project in the target sector/context?

Decision rule –

- Gate 1: The applicant entity passes if Age ≥ 36 months, FTE ≥ 2, and G1.1.c = Yes, otherwise fail (stop review - Rejected).

Gate 2 - Scored Longlisting Criteria and Score Rubric (Total = 100)

The first two Gates – Gate 0 and Gate 1 – auto-reject applicants based on the eligibility criteria listed above. For Gate 2, the grant selection committee will rate each applicant based on the following scoring rubrics:

Each criterion ("row") will be scored by reviewers on a 0–5 scale, where:
0 = Absent • 1 = Weak • 2 = Partial • 3 = Adequate • 4 = Strong • 5 = Exemplary (with external validation).

For each row, the quality score will be converted into points using the following formula:

Row points = (Score ÷ 5) × Row weight (points)

The sum of all row points will total a maximum of 100 points.
The table below sets out the weight (points) assigned to each evaluation question, together with the corresponding guidance for evaluators.

Description of Organization (Organizational Capacity) — 5 weight Points (pts)		
Sub-criterion	Weight (pts)	Guide for evaluator
Team track record: relevant roles and prior delivery in similar context/scale	2	Guide – Generally, a score of 0 is given where team roles are unclear and there is no evidence of relevant prior delivery. Scores of 1–2 are where some relevant experience is mentioned but roles, responsibilities or results are only partially described or not clearly linked to similar context/scale. A score of 3 is where key roles are clearly defined and there is solid evidence of relevant past delivery with at least one named project and results. Scores of 4–5 are reserved for teams with very clear governance and division of roles, and a strong, well-documented track record of delivering multiple, comparable projects with demonstrated results, learning and partnerships.

Sub-criterion	Weight (pts)	Guide for evaluator
Have you previously received funding from any multilateral organization or international financial institution for this project (e.g., World Bank, UN agencies, IFIs)? If yes, please specify. What was the size and duration of your previous grants?	1	Generally, score 0–1 where the question is not answered, information on past grants is very unclear, or there is evidence of serious unresolved issues with previous multilateral/IFI funding (e.g. cancelled grants, major compliance problems). Score 2–3 where previous grants (or the absence of such grants) are clearly stated with basic details on size and duration, and no major issues are reported. Applicants with *no* prior multilateral/IFI funding but who answer transparently should normally fall in this range. Score 4–5 where previous grants are clearly described with size, duration and results, and the applicant briefly explains key lessons learned and how these inform the current proposal, with no major compliance concerns.
Delivery plan basics: key milestones for 24 to 36 months, procurement approach, and Monitoring and Evaluation readiness for the project entity is applying grant for	2	Generally, a score of 0 is given where there is no coherent plan for the next 24–36 months and procurement or M&E are not addressed. Scores of 1–2 are where a basic timeline exists but milestones are vague and procurement and/or M&E arrangements are only briefly or inconsistently described. A score of 3 is where there is a realistic 24–36 month plan with time-bound milestones and an outline of procurement approach and M&E arrangements. Scores of 4–5 are for proposals that present a detailed and feasible 24–36 month plan with clear, sequenced milestones, defined responsibilities and resources, a procurement approach consistent with organisational/partner procedures, and clear initial M&E readiness (proposed indicators, data collection methods and review points).

Adaptation Criteria — 30 weight points		
Sub-criterion	Weight (pts)	Guide for evaluator
Which climate-related hazards does your solution address in the target geography, and how do these hazards affect local livelihoods and vulnerable groups? Briefly describe the main hazards and provide any available evidence or references showing they match the local risk profile.	10	Generally, score 0–1 where hazards are unclear or do not fit the geography/population; 2–3 where main hazards are clearly described and broadly match the local risk profile; 4–5 where hazards are comprehensively and evidence-based described, closely linked to local livelihoods and vulnerable groups.
Describe the alignment between the identified climate risks and your proposed adaptation solution (who is exposed, how risk is reduced within 24 - 36 months).	20	Generally, score 0–1 where the link between risks and the solution is weak or missing; 2–3 where there is a clear but basic pathway from hazard → activities → reduced vulnerability in 24–36 months with initial baselines/targets; 4–5 where this pathway is explicit and plausible within 24–36 months, with defined beneficiaries, baselines and time-bound targets for key outcomes.

Innovation — 20 weight points		

Sub-criterion	Weight (pts)	Guide for evaluator
How does your proposed solution/practice/business model create, test, deploy or diffuse a new, adapted or improved adaptation solution—developed for your specific context and with the inclusion of the communities most vulnerable to climate change—compared to the current status quo?	10	Generally, score 0–1 where the solution is not clearly new/adapted/improved, has weak links to climate risks, or does not show how vulnerable communities are included. Score 2–3 where the proposal explains the new or adapted features and gives some indication that it performs better than current practice (e.g., cost, usability, outcomes) for this context. Score 4–5 where there is a clear, context-specific adaptation solution co-developed with vulnerable groups, with convincing qualitative or quantitative evidence that it is measurably better than the status quo on cost, user experience and/or adaptation outcomes.
How context-appropriate, feasible and viable is the proposed innovation in the target area/region, given current local systems, capacities, market readiness and community acceptance over the next 2–3 years? Explain?	10	Generally, score 0–1 where the proposal shows little understanding of the local context, and feasibility or community acceptance over 2–3 years is unclear. Score 2–3 where the innovation is broadly aligned with local systems and capacities, with some explanation of market readiness and community uptake but limited evidence. Score 4–5 where the innovation is clearly tailored to the target area/region, fits existing systems and capacities, and provides convincing evidence or arguments that it is feasible, financially/operationally viable, and likely to be accepted by communities and markets over the next 2–3 years.

Scale & Replicability — 15 weight Points		
Sub-criterion	Weight (pts)	Guide for evaluator
Does the solution/practice/business model have a clear and realistic plan for scale and replication, describing both its current stage and future plans for expansion (e.g. to new geographies, beneficiary groups, revenue streams or delivery channels)?	5	Generally, score 0–1 where there is no clear scaling or replication plan, or expansion ideas are very generic and disconnected from the current stage of the solution. Score 2–3 where the proposal describes a plausible pathway for scale (e.g. to new geographies, groups, revenue streams or channels) and indicates its current stage, but with limited detail on steps, timelines, resourcing or risks. Score 4–5 where there is a clear and realistic scaling strategy that builds logically from the current stage, specifies priority expansion pathways (geographies/beneficiaries/revenue streams/channels), outlines key milestones and required resources, and demonstrates that the model can be replicated without heavy dependence on one-off support.

Sub-criterion	Weight (pts)	Guide for evaluator
Existing or upcoming co-finance (including beneficiary contribution)?	5	Generally, score 0–1 where no co-finance is identified or only very vague intentions are mentioned. Score 2–3 where some co-finance or in-kind/beneficiary contributions are indicated (e.g. other grants, government support, private investment) but amounts, timing or level of commitment are not fully defined. Score 4–5 where there is clear evidence of confirmed or highly probable co-finance and/or beneficiary contributions, with specified amounts, sources and timing, and a convincing explanation of how these resources complement the requested grant.
Identify the single main channel you will use to scale the solution (e.g. government programme, NGO network, cooperative, MSME distributor, digital platform). Explain why this channel is the most appropriate route to reach your target groups and summarise any existing relationships, mandates, platforms or resources that give you credible access to it.	3	Generally, score 0–1 where no primary scale channel is identified or the chosen channel is not appropriate for the target market. Score 2–3 where one main channel (e.g. government, NGO, cooperative, MSME, digital) is described and appears plausible, but resourcing or access is only partly evidenced. Score 4–5 where a single, well-justified primary channel is specified, clearly aligned with the solution and target groups, and backed by evidence of resourcing and access (e.g. existing relationship, mandate, or platform).
Partnerships (MoUs/LoIs)	2	Generally, score 0–1 where there are no relevant partners or only vague intentions with no documentation. Score 2–3 where some partners are identified and roles are described in general terms, with draft or non-binding expressions of interest. Score 4–5 where there are clear, time-bound MoUs/LoIs or similar agreements with relevant partners, with defined roles, contributions (financial/in-kind) and how these partnerships support delivery and scale.

Beneficiaries & Inclusion — 15 weight poits		
Sub-criterion	Weight (pts)	Guide for evaluator
Describe the main beneficiary groups for your solution, including typical income levels (e.g. low-income, lower-middle income) and any marginalised or vulnerable groups reached (e.g. women, youth, indigenous peoples, persons with disabilities, migrants, informal workers).	5	Generally, score 0–1 where beneficiary groups are described in very general terms, with no income tiers and little or no mention of marginalised/vulnerable groups. Score 2–3 where main groups are named with some indication of income levels or vulnerability, but targeting is broad and not well justified. Score 4–5 where there is clear, precise targeting by income tier and vulnerability (e.g. women, youth, indigenous peoples, persons with disabilities, migrants, informal workers), with a short rationale for why these groups are prioritised in this context.

Sub-criterion	Weight (pts)	Guide for evaluator
Women beneficiaries (%): Indicate the expected percentage of women among direct beneficiaries (e.g. at 24 and 36 months), explain why this target is ambitious yet realistic for your context (baseline, sector norms, barriers), and briefly describe the key measures you will use to achieve it (e.g. outreach, adaptation of services, childcare, timing).*	3	Generally, score 0–1 where the expected share of women beneficiaries is not provided, is negligible, or is clearly inconsistent with the context and project objectives. Score 2–3 where a reasonable percentage is indicated but ambition, feasibility, or justification (e.g. sector norms, barriers) are only partly explained. Score 4–5 where the proposal sets an ambitious yet credible percentage of women beneficiaries, clearly justified for the local context and supported by measures that make this target realistic (e.g. outreach, adaptation of services, childcare, timing).
Inclusion plan and indicators: Describe how the project will ensure the meaningful participation and equitable benefit of women, youth, low-income groups, and other marginalised or vulnerable populations. Outline concrete measures to remove barriers, promote inclusive decision-making, and ensure fair access to project services and opportunities. Provide key indicators (e.g., % women participants, % youth in leadership roles, number of vulnerable households reached) that will be used to track progress on inclusion throughout implementation. *	5	Generally, score 0–1 where inclusion is addressed only through broad statements, with few or no concrete actions or indicators for women, youth, low-income or other marginalised groups. Score 2–3 where some specific measures are proposed and a small set of indicators is provided, but roles, data collection methods or frequency are not fully defined. Score 4–5 where there is a coherent inclusion plan with clear, actionable measures to remove barriers and ensure equitable benefits, alongside measurable indicators (e.g. % women participants, % youth in leadership, vulnerable households reached) with defined data sources, methods (surveys/admin) and review cadence.
State your expected number of direct beneficiaries at 24 months and 36 months of implementation, providing numeric targets and (where relevant) disaggregation by geography or key segments. Briefly explain how these figures were derived and why they are realistic given your delivery model, current capacity, resources and partnerships.	2	Generally, score 0–1 where target numbers for 24 and 36 months are missing, inconsistent or clearly unrealistic for the model and capacity. Score 2–3 where numeric targets are provided and broadly plausible but with limited justification or weak link to current capacity. Score 4–5 where there is a clear, evidence-based growth trajectory for 24 and 36 months, with disaggregated figures (e.g. by geography/segment) that are consistent with the delivery model, resources and partnerships.

D. Financial Sustainability & Catalytic Finance — 15 weight points		
Sub-criterion	Weight (pts)	Guide for evaluator
Describe your current and planned revenue model. Set out your main revenue streams and indicate what share of your operating costs is presently covered by earned revenue (approximate %). Briefly explain how you expect this cost coverage to change over time (e.g. over the next 2–3 years).	4	Generally, score 0–1 where there is no clear revenue model, activities are almost entirely grant-funded, and current cost coverage is unknown or very low. Score 2–3 where main revenue streams are described and some earned revenue is expected, but information on what share of operating costs is covered is partial or indicative only. Score 4–5 where revenue streams are clearly set out, the current share of earned revenue and % of costs covered are quantified and plausible, and there is a short explanation of how financial coverage is expected to improve over time.

Sub-criterion	Weight (pts)	Guide for evaluator
Set out the key unit economics for your solution (e.g. unit cost, price/revenue per unit, gross margin, customer acquisition cost (CAC)). Briefly explain the main assumptions behind these numbers and how they support sustainable scaling of the model over time.	3	Generally, score 0–1 where core unit economics (e.g. unit cost, pricing, revenue, customer acquisition cost (CAC)) are not presented or are clearly unrealistic. Score 2–3 where basic unit cost and revenue assumptions are provided and broadly plausible, with some indication of cost recovery or margins but limited linkage to the scale plan. Score 4–5 where key unit economics are clearly laid out (e.g. CAC, unit cost, price, margin), assumptions are reasonable and transparent, and there is a clear explanation of how these economics support sustainable scaling over time.
Describe how core project activities will continue for at least 24 months after the grant ends. Explain the main pathway(s) for continuation (e.g. new/expanded revenue streams, integration into government or partner programmes, follow-on funding), outlining key steps, indicative budgets, timelines and the roles of your main partners and funders.	3	Generally, score 0–1 where there is no realistic plan for activities to continue beyond the grant period, or continuation depends on unspecified future grants. Score 2–3 where some options for continuation 24 months post-grant are outlined (e.g. new revenues, integration into government programmes, follow-on funding) but steps, timelines or responsibilities are only partly defined. Score 4–5 where there is a clear, feasible plan showing how core activities will continue at least 24 months post-grant, with concrete steps, indicative budgets, timelines and roles for key partners/funders.
Capital rotation / revolving	3	Generally, score 0–1 where capital rotation is not addressed or is clearly not feasible for the model. Score 2–3 where a basic revolving mechanism is described (e.g. repayments, re-lending, asset reuse) and seems plausible, but expected rotation volume/multiple and timing are only partly specified. Score 4–5 where the mechanism is clearly defined, with expected inflows/outflows, a realistic rotation multiple (e.g. ≥1.5× of initial capital over the period), and simple assumptions on repayment rates and risk management.
Private-capital absorption	3	Generally, score 0–1 where mobilisation of private capital is not considered, or instruments and investors are unsuitable or unrealistic. Score 2–3 where potential private-capital instruments (e.g. loans, equity, guarantees) and interested investors are mentioned, but affordability, DSCR/repayment capacity, or FX risk are only partially analysed. Score 4–5 where specific instruments and likely terms are identified, the business model shows capacity to service them (e.g. DSCR or margin analysis), and any FX risks are recognised with proposed mitigation measures.
Co-finance / leverage	2	Confirmed/pipeline amounts; leverage target (≥1.5–2.0×)

E. ESG Safeguard Criteria — 0 weight points		
Sub-criterion	Weight (pts)	Guide for evaluator

Do you foresee any safeguard risks related to this proposal? If Yes, briefly describe the risk(s) and proposed mitigation(s) (This does not affect the applicant outcome; used for risk management.)	0	Not scored – for risk management only. Briefly identify any potential environmental, social, gender, labour or other safeguard risks linked to the proposal, and note proportionate mitigation measures and any grievance/feedback mechanisms in place or required. Use this information to inform safeguard screening and follow-up, not to adjust the applicant's score.
Does the project outcomes cause distress to the financial vulnerability of the community?	0	If NO, assumed that economic safeguards are addressed.
Does the project outcomes cause distress to the social vulnerability of the community – (in the context of minorities, indigenous people, women)?	0	If NO, assumed that economic safeguards are addressed.
Does project outcomes cause distress with climate vulnerabilities – (displacements, more prone to CC impacts)	0	If NO, assumed that economic safeguards are addressed.

2. Shortlisting

Successful long-listed applicants are invited to submit a detailed grant proposal. This proposal will be based on the same core longlisting criteria but requires a significantly deeper and more comprehensive written submission. The grant proposal will be comprehensive, detailing 11 specific components that cover the various parameters and considerations central to AFCIA 2.

Overall view of the grant proposal:

- Component 1 – General Applicant and Project information
- Component 2 – Objective and purpose of the Grant
- Component 3 - Target Beneficiaries and Gender Action
- Component 4 – Alignment with NAP and AFCIA 2 Priority Areas
- Component 5 – Target impact/results, milestone setting.
- Component 6 – Proposed activities and workplan
- Component 7 – Social, Environmental, and Governance Risks Screening
- Component 8 – Project-related Risks Identification and Management Measures
- Component 9 – Budget
- Component 10 – Legal information
- Component 11 – Sustainability, Scale, Financial Viability, and Technical Assistance and Business Advisory Support Plan

The proposal is divided into three sections:

- General Information Section (Component 1 – Not Scored)
- Pass/Fail Gate (Components 7 and 10 – Not scored but must be a pass for the proposal to hold)
- Detailed Information Sections (Components 2,3,4,5,6,8,9,11 - Scored)

The grant proposal contains questions that assess the project from various angles, such as:

- Adaptation Rationale & Innovation: Is the solution directly addressing a core climate hazard with a unique or innovative approach?
- Inclusion & Equity: Does the project explicitly target vulnerable and marginalised groups, particularly women, with a clear action plan?
- Policy Alignment: Is the project officially supported by and aligned with national climate priorities (NDC/NAP) and the Adaptation Fund's mandate?
- Impact and Measurability: Does the project have clear, quantifiable, and time-bound targets (KPIs) that are achievable within the grant timeline?
- Execution and Risk: Is there a credible, detailed workplan and budget, along with a proactive strategy to mitigate environmental, social, and operational risks?
- Long-term Viability & Scale: Can the project survive and grow beyond the grant,

Shortlisting Scoring Rubrics:

The Shortlisting phase is the second, critical filter designed to identify grant applications that are not only high-quality but also possess the highest potential for catalytic impact and long-term sustainability as defined by the AFCIA 2 mandate.
This rubric ensures a systematic, objective, and transparent evaluation of the detailed proposals and supporting evidence. The overall score, out of 100 points, directly determines which applicants will advance to the Final Interviews/Due Diligence (DD).

Each criterion ("row") will be scored by reviewers on a 0–5 scale, where:
0 = Absent • 1 = Weak • 2 = Partial • 3 = Adequate • 4 = Strong • 5 = Exemplary (with external validation).

For each row, the quality score will be converted into points using the following formula:

Row points = (Score ÷ 5) × Row weight (points)

The sum of all row points will total a maximum of 100 points.
The table below sets out the weight (points) assigned to each evaluation question, together with the corresponding guidance for evaluators.

To maintain accountability and ensure claims are substantiated, reviewers must apply the following caps and filters:

- Auto-Fails and Gates:
  - Component 7 (Safeguards): Any unresolved serious safeguards violation or sanctions issue results in an immediate Auto-Fail and rejection.
  - Component 10 (Legal Gate): This is a mandatory Pass/Fail check. Failure (e.g., missing current registration or audited accounts) results in immediate rejection, regardless of the numerical score.

Thresholds for Advancement;

Applications are assessed by two independent reviewers. Scores must meet the following numerical criteria to advance:

Status	Required Score	Conditions
Advance to Interviews/DD – Green Bucket	≥ 65 / 100	AND No Gate failure AND C9 AND No safeguards Auto-Fail C7
Alternate Pool – Yellow Bucket	≤ 55 - 64.9 / 100	Held for potential portfolio balancing or backfill.
Reject – Red Bucket	< 55 / 100	Includes all applications triggering a Gate or Auto-Fail.

Component 2 — Objective & Purpose of the Grant — 10 pts		
Sub-criterion	Weight (pts)	Guide for evaluator
Please provide a compelling summary of how and why your proposed solution tackles the specific challenge of climate change adaptation.	3	Generally, score 0–1 where the summary is very generic, the climate hazard and exposure are unclear, or the link to adaptation is weak. Score 2–3 where the main hazard, exposed groups and adaptation logic are described, but the objective for the next 24 months is broad or only partly defined. Score 4–5 where there is a clear, compelling narrative showing precise hazard → exposure fit, how the solution reduces climate risk, and a specific adaptation objective that is realistic within the implementation grant period

How does your proposed solution/practice/business model create, test, deploy or diffuse a new, adapted or improved adaptation solution—developed for your specific context and with the inclusion of the communities most vulnerable to climate change—compared to the current status quo?	2	Generally, score 0–1 where the solution appears similar to existing practice, and it is unclear how it is adapted to the local context or how vulnerable communities are involved. Score 2–3 where one or two new/adapted features are described and there is some explanation of how the solution is developed with or for vulnerable groups, with basic indication that it performs better than the status quo (e.g. cost, usability, outcomes) but limited evidence. Score 4–5 where the proposal clearly explains how the solution has been created/tested/deployed for this specific context with meaningful inclusion of communities most vulnerable to climate change, what is new or significantly improved, and provides brief qualitative or quantitative evidence that it delivers materially better adaptation outcomes than current practice.
Indicate the purpose of the grant and describe the result(s) the grant is expected to achieve.	2	Generally, score 0–1 where the purpose of the grant is vague and expected results are not specified or are purely activity-based. Score 2–3 where the purpose and key outputs/outcomes are outlined, with some time frame and metrics, but links to the programme's results framework (Component 5 KPIs) are only partial. Score 4–5 where the grant purpose is clearly stated and linked to a concise set of measurable, time-bound results that align explicitly with relevant Component 5 KPIs.

Sub-criterion	Weight (pts)	Guide for evaluator
Explain why the grantee is uniquely suited to deliver on the objectives. Please describe the anticipated real and practical impact of the project in terms of innovative adaptation practices, tools, and technologies	2	Generally, score 0–1 where organisational strengths are unclear and there is little evidence the grantee can deliver the proposed innovation in practice. Score 2–3 where some relevant experience, skills and partnerships are described, and anticipated impact is outlined but remains high-level. Score 4–5 where the proposal clearly sets out named team strengths, relevant track record and partners, and links these to realistic, practical impacts in terms of innovative adaptation practices, tools or technologies that will be implemented.
Elaborate if there are any targeted group(s)/ geographical area that will benefit from the grant, other than the Recipient Institution. If so, who are the targeted groups/geographical areas, and how will any potential beneficiaries be selected? (Please respond in the table below)	1	Generally, score 0–1 where targeted groups or areas are not specified, or selection is left entirely open-ended. Score 2–3 where key groups/geographies are identified and a basic approach to selecting beneficiaries is described, but criteria or processes are only partly defined. Score 4–5 where the proposal clearly names priority groups and locations, explains why they are targeted (e.g. vulnerability, exposure), and sets out transparent, fair and practical criteria and processes for beneficiary selection.

Component 3 — Target Beneficiaries & Gender Action — 12 pts		
Sub-criterion	Weight (pts)	Guide for evaluator

Please describe the social status of the proposed beneficiaries (e.g. income level; whether they are marginalised groups such as low-income households, informal workers, indigenous communities, youth, women, or persons with disabilities).	4	Generally, score 0–1 where the social status of beneficiaries is described only in very general terms, with no clear indication of income level or whether women, youth, Indigenous Peoples, persons with disabilities or other marginalised groups are targeted. Score 2–3 where main groups are named and some information is given on income/vulnerability, but segmentation and selection criteria are only partly explained. Score 4–5 where there is a clear description of beneficiary segments by income, livelihood and vulnerability (e.g. low-income households, informal workers, women, youth, Indigenous communities, people with disabilities) and transparent, context-appropriate criteria for selecting beneficiaries.
In line with Gender Marker 2 (gender equality as a principal project objective), summarise the gender analysis informing the project, explain how gender equality and women's empowerment will be mainstreamed across all components, and outline a concise gender action plan. Where possible, set quantitative and qualitative gender targets linked to specific project activities and results, with sex-disaggregated indicators for women, men, girls and boys.	6	Generally, score 0–1 where gender is treated in a generic way, with little or no gender analysis and no concrete measures or targets. Score 2–3 where some gender gaps and constraints are identified and gender-responsive activities are proposed, but the action plan, targets or links to project components remain partial. Score 4–5 where a concise gender analysis informs the design, gender equality and women's empowerment are clearly mainstreamed across components, and there is a practical gender action plan with quantitative and qualitative targets (e.g. participation, leadership, access to assets/finance, reduced unpaid care, access to climate-resilient technologies), sex-disaggregated indicators and reference to relevant national gender/adaptation

Sub-criterion	Weight (pts)	Guide for evaluator
		commitments where appropriate.
Integration with KPIs	2	Generally, score 0–1 where gender-related results are not reflected in the project's results framework or KPIs. Score 2–3 where some sex-disaggregated indicators or gender-related outputs are included, but links to the gender analysis and action plan are limited. Score 4–5 where specific gender outcomes and sex-disaggregated indicators for women, men, girls and boys are clearly referenced in the KPI/result tables (e.g. Component 4), and where feasible are aligned with gender-responsive elements of the country's NAP, NDC and the Adaptation Fund results framework.

1Component 4 — National Alignment & Adaptation Fund Outcomes — 12 pts		
Sub-criterion	Weight (pts)	Guide for evaluator

Sub-criterion	Weight (pts)	Guide for evaluator
How is the proposed solution aligned with National Adaptation Plan (NAPs), which thematic areas of NAPs does the solution contribute to (Maximum 250 words)	7	Generally, score 0–1 where there is no reference to the NAP, or linkages to national adaptation priorities are very generic or incorrect. Score 2–3 where the proposal cites relevant NAP sections or thematic areas but alignment is described only in broad terms, with limited explanation of how project activities or results support those priorities. Score 4–5 where the proposal clearly identifies the specific NAP objectives/thematic areas it contributes to, explains how key activities and outcomes support these priorities (e.g. sectors, vulnerable groups, geographic focus), and shows complementarity with existing national programmes rather than duplication.
Detail the specific contribution your project will make to the AFCIA 2 Priority Areas. (Maximum 250 words)	5	Generally, score 0–1 where AFCIA 2 Priority Areas are not mentioned, are misunderstood, or the contribution is stated only in very general language. Score 2–3 where one or more relevant Priority Areas are identified and there is a basic description of how the project contributes, but links to concrete activities, outputs and indicators are partial. Score 4–5 where the proposal clearly maps key activities and results to the relevant AFCIA 2 Priority Areas, describes specific contributions (e.g. pilots, learning, scaling pathways, vulnerable groups reached) and, where possible, links these to measurable indicators or targets in the project results framework.

Component 5 — Target Impact/Results & Milestones — 18 pts		
Sub-criterion	Weight (pts)	Guide for evaluator

KPI quality	8	Generally, score 0–1 where KPIs are very broad, mostly activity-based, lack baselines/targets, or are not measurable. Score 2–3 where some KPIs are SMART (with units and targets) but there are too many or too few, and information on baselines, timing, data sources or responsibilities is only partially provided. Score 4–5 where there are around 3–6 clear SMART KPIs with units, baselines, and M6/12/18/24/36 targets, each with defined data source, frequency and responsible owner, and at least one key outcome is sex-disaggregated.
Milestones & tranche logic	6	Verifiable M6/12/18/24 Generally, score 0–1 where milestones are absent, purely narrative, or not linked to any disbursement logic. Score 2–3 where M6/12/18/24/36 (or equivalent) milestones are indicated and broadly align with activities, but verification means or linkage to tranche releases are only partly defined. Score 4–5 where there is a coherent set of verifiable M6/12/18/24 milestones clearly tied to key outputs/results, with simple, realistic verification means and a logical basis for tranche disbursements. milestones tied to outputs; clear verification means

| Impact logic in 24/36 months | 4 | Generally, score 0–1 where the impact pathway is unclear, and it is difficult to see how proposed activities relate to reduced climate risk or improved resilience. Score 2–3 where there is a basic narrative connecting hazards, activities and outcomes, but assumptions, time frame (24/36 months) or attribution remain vague. Score 4–5 where there is a credible, concise theory of change showing a clear hazard → activity → output → outcome pathway within 24/36 months, with key assumptions stated and a plausible case that observed outcomes can reasonably be attributed to the project. |

Component 6 — Proposed Activities & Workplan — 10 pts		
Sub-criterion	Weight (pts)	Guide for evaluator
Activity design & alignment with objectives	3	Generally, score 0–1 where activities are listed in very general terms and do not clearly link to the project objectives or expected results. Score 2–3 where the main activities are described and broadly aligned to objectives, but "what/where/how" is only partly specified. Score 4–5 where activities are clearly and specifically described (what will be done, where, how and with whom) and show a logical pathway to the stated outputs and outcomes.
Workplan & timeline (2 years for MSMEs / 3 years for NGOs/CSOs)	4	Generally, score 0–1 where the workplan table is incomplete, lacks timing, or does not cover the full 2- or 3-year implementation period. Score 2–3 where activities are sequenced over time and roughly feasible, but dependencies, critical path or seasonal factors are only partly considered. Score 4–5 where the table presents a coherent, realistic workplan for

Sub-criterion	Weight (pts)	Guide for evaluator
		the full implementation period, with activities sequenced by quarter/semester, clear start–end periods, key dependencies and milestones that make timely delivery plausible.
Organisational capacity-building plan & budget allocation (20–30%)	3	Generally, score 0–1 where capacity building for the applicant organisation is not mentioned, very minimal, or not costed, and the 20–30% guidance is not addressed. Score 2–3 where some capacity-building activities (e.g. training, hiring, IT upgrades) are proposed and partially budgeted, but the share of the budget, rationale or link to better project delivery is only partly explained. Score 4–5 where there is a clear, focused plan to use around 20–30% of the budget for organisational capacity building (e.g. staff training, additional personnel, IT systems/hardware, photo/video equipment), with a concise rationale showing how these investments strengthen implementation, reporting and sustainability.

Component 8 — Project-related Risks Identification and Management Measures — 10 pts		
Sub-criterion	Weight (pts)	Guide for evaluator
Risk identification and relevance	4	Generally, score 0–1 where few or no risks are listed, or they are very generic and not clearly linked to the project context or objectives. Score 2–3 where several relevant risks are identified (e.g. security, financial, operational, social, environmental) but gaps remain or descriptions are brief. Score 4–5 where there is a clear, context-specific list of the main risks

Sub-criterion		Guide for evaluator
		that could affect achievement of the grant objectives, covering multiple risk types where applicable.
Risk rating quality (High/Medium/Low)	3	Generally, score 0–1 where risk ratings appear arbitrary, inconsistent, or not aligned with the likelihood/impact implied in the description. Score 2–3 where ratings are broadly plausible but rationale is only partly evident. Score 4–5 where ratings are clearly proportionate to the described likelihood and impact, distinguish between higher and lower risks, and help focus attention on the most material risks.
Mitigation measures and residual risk	3	Generally, score 0–1 where mitigation measures are absent, very vague (e.g. "monitor"), or not linked to specific risks. Score 2–3 where some concrete mitigation actions are proposed but responsibilities, timing or effectiveness are only partly clear. Score 4–5 where each key risk has specific, feasible mitigation measures with clear responsibilities and indicative timing, showing how the residual risk will be kept at a low and manageable level.

Component 9 — Budget (and Budget Notes/Tranches) — 10 pts		
Sub-criterion	Weight (pts)	Guide for evaluator

Alignment with workplan & arithmetic checks	4	Generally, score 0–1 where budget lines do not match the described activities/outputs or the implementation timeline, or there are obvious arithmetic errors. Score 2–3 where most budget lines and quarters align with the workplan but some inconsistencies or minor calculation issues remain. Score 4–5 where costs are clearly mapped to specific activities/outputs, phased over the correct quarters/years, and the arithmetic is clean and internally consistent.
Budget notes & TA/capacity-building tagging	3	Generally, score 0–1 where budget notes are missing or very limited, and the 20–30% technical assistance / capacity-building share is unclear or not identified. Score 2–3 where basic notes explain key assumptions and some TA/capacity-building lines are tagged, but the total share or justification is only partly clear. Score 4–5 where concise budget notes explain the main cost assumptions, and 20–30% of the budget for TA/capacity-building is clearly tagged, aggregated and well justified in relation to strengthening the organisation and project delivery.
Cash-flow across tranches	3	Generally, score 0–1 where no cash-flow profile is provided or requested tranches bear little relation to the workplan or spending needs. Score 2–3 where an annual/periodic cash-flow and tranche schedule is presented and broadly feasible, but links to milestones or verification are only partially defined. Score 4–5 where there is a simple, realistic cash-flow profile and tranche schedule clearly tied to key milestones and expenditure peaks, showing that funds will be requested and used in a timely and efficient manner.

Component 11 — Sustainability, Scale, Financial Viability & TA/BA Plan — 18 pts		
Sub-criterion	Weight (pts)	Guide for evaluator
Project economics & value for money (cost efficiency and grant impact)	4	Generally, score 0–1 where unit economics are unclear (no cost per beneficiary/unit), no external comparator is provided, and the effect of the grant/TA on costs is not explained. Score 2–3 where basic unit costs and main cost drivers are described and at least one comparator is mentioned, but the value-for-money case and explanation of how the grant will lower costs over time remain partial. Score 4–5 where core delivery costs per beneficiary/unit are clearly stated, key cost drivers are identified, at least one external comparator is used to show better value, and there is a convincing explanation of which factors drive the cost curve and how AFCIA grant + TA will improve efficiency (e.g. volume, operational learning, system upgrades) and reduce grant dependence.
Post-grant operating plan & grantee capacity-building	5	Generally, score 0–1 where the long-term business model is unclear, current cost coverage and runway are not provided, there is no credible 24-month continuation plan, and little or no use of 20–30% of the budget for capacity building is described. Score 2–3 where a business model option is selected and briefly explained, current % cost coverage and runway are given, and some mechanisms for continuation and capacity building are outlined, but details (e.g. contracts, revenue mix, revolving mechanism, specific capacity investments) are limited. Score 4–5 where the chosen business model is clearly justified, current % cost coverage and runway are transparent, and there is a realistic plan to continue core

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activities for 24 months post-grant (e.g. revenue mix, confirmed contracts, policy adoption, support from other agencies, revolving-fund multiple). The proposal also sets out a focused plan to use ~20–30% of the budget for organisational capacity building (training, hiring, IT/monitoring and photo/video systems) directly linked to project delivery and long-term sustainability.

| Resource mobilisation, co-finance & investment readiness | 4 | Generally, score 0–1 where there is no clear description of the types of external finance/support the organisation can absorb, financial health metrics are not discussed, and co-finance is absent or very vague. Score 2–3 where some potential instruments (e.g. loans, guarantees, large grants, subsidies, carbon credits) and basic financial metrics are mentioned, and there are indicative co-finance or match figures, but amounts, status or timing are only partly specified. Score 4–5 where the organisation clearly sets out the types of external finance it is ready to receive, references key financial metrics used to demonstrate health/readiness, and provides a detailed view of confirmed and pipeline co-finance with amounts, sources, currencies and expected timing. |

Leverage, adoption pathway & catalytic effect	3	Generally, score 0–1 where no leverage target is stated, it is unclear what the AFCIA grant will catalyse, and the adoption/scale pathway is very generic. Score 2–3 where a rough leverage ratio and some catalytic effects are described, and there is a basic outline of how adoption or government/market integration might occur, but specific steps or commitments are limited. Score 4–5 where a clear target leverage multiple (additional capital mobilised ÷ grant amount) is provided, the proposal explains precisely what the grant accelerates (e.g. faster market entry, proof of concept, policy integration, lower cost curve), and sets out a credible pathway for wider adoption and scale, including any planned government integration or anchor-buyer/partner commitments.
Partnerships & UNDP Technical Assistance and Business Advisory support plan	2	Generally, score 0–1 where partnerships for scale are not specified or are purely aspirational, and UNDP TA/BA needs are vague or not aligned with the project. Score 2–3 where some existing or planned MoUs/LoIs and partner roles are described, and 2–3 areas of UNDP support are mentioned but with limited specificity. Score 4–5 where there is a concise list of concrete partnerships for scale (with MoUs/LoIs or equivalent where possible), clearly stating partner names, roles and contributions, and the proposal identifies 3–5 specific, actionable UNDP technical assistance/business advisory needs (e.g. legal counsel, investment brokering, M&E system development), each briefly described and clearly linked to strengthening scale, financial viability or impact.

3. Final Selection

The successful grant applicants are invited to participate in two rounds of interviews with the UNDP-AFCIA PMU. The final selection stage is structured as a robust Due Diligence (DD) process according to UNDP policies based on the nature of the grantee organization, focusing specifically on assessing the people, strategy, and financial viability of the shortlisted projects. This approach goes far beyond simply validating the grant proposal, ensuring the project is run by a strong team capable of exponential growth.

Phase I: Founder/Project Head Interview (Vision and Strategy)

The first interview is a high-level discussion with the founder or the head of the project to assess the clarity of the vision and the robustness of the strategic execution plan. Key areas of focus mirror early-stage investment diligence:

- Market & Strategy: Validating the project's Theory of Change against real-world adaptation challenges. Is the solution truly unique and scalable? Does the founder possess a clear, defensible path to achieving the targets outlined in Component 5?
- Leadership & Commitment: Assessing the founder's commitment, resilience, and depth of knowledge. We look for demonstrated leadership capacity, ethical alignment, and the ability to articulate the business case (or financial model) succinctly.
- Organizational Health & Governance: Reviewing the organizational structure, board involvement, and financial controls. This assesses the leadership's ability to manage growth, mitigate risk (Component 7), and uphold transparency.

Phase II: Project Team Interview (Execution and Team Dynamics)

The second interview shifts focus to the implementation engine—the wider project team and key technical personnel. This phase is designed to assess the executional realism and mitigate key person risk.

- Team Dynamics & Expertise: Evaluating the complementary skill sets within the core team. Are the key roles (Technical Lead, Finance Manager, M&E Specialist) filled by individuals with the necessary expertise, and do they work cohesively? We assess team dynamics and communication under pressure.
- Operational Realism: Deep diving into the Workplan (Component 6) and Budget (Component 8). Can the team justify their cost assumptions, manage the complex activities, and collect the data necessary for the KPIs? This ensures the project is grounded in reality, not just aspiration.
- Sustainability & Financial Acumen: Testing the team's understanding of the Unit Economics (Component 10). Do they know their cost drivers, their path to efficiency, and the requirements for absorbing private or follow-on capital? We identify if the project is vulnerable to "key person risk" and ensure critical knowledge is shared across the team.

This two-phase approach ensures that only the most impactful projects that are simultaneously run by the strongest, most organized teams receive the grant, confirming the money will act as a genuine catalyst.

The successful applicant who passes the threshold of DD scrutiny are then awarded the grant. If the number of grant applicants selected after the final stage is more than the available grant money pool, then a merit list will be drawn to select final grant candidates.

UNDP Social and Environmental Screening Template (v. July 2022)

*** Please note that all Social and Environmental Screening Procedures (SESPs) must be conducted (completion and approval process) in the <u>UNDP SESP Online Tool</u>. The offline template below can be used to facilitate information sharing among colleagues when conducting an SESP within the online platform.*

Project Information

Project Information	
1. Project Title	UNDP-Adaptation Fund Climate Innovation Accelerator Phase 2
2. Project Number (i.e. Atlas project ID, PIMS+)	PIMS+ number is -10376
3. Location (Global/Region/Country)	Global
4. Project stage (Design or Implementation)	Design
5. Date	5 February 2026

Part A. Integrating Programming Principles to Strengthen Social and Environmental Sustainability

Overall note: All overarching principles and most standards are relevant given the project's broad scope, regional coverage, and innovation focus. The project will work with diverse grantees across multiple sectors and countries, requiring comprehensive attention to social and environmental risks. The grant mechanism's flexibility means that specific risks will vary by grantee and location, necessitating a framework that can address the full range of potential issues while allowing for adaptive management based on actual grant proposals and implementation experiences. <u>The SES screening will be updated as part of the selection process of grantees</u> after the initiation phase of the proposed project.

QUESTION 1: How Does the Project Integrate the Programming Principles in Order to Strengthen Social and Environmental Sustainability?
Briefly describe in the space below how the project mainstreams the human rights-based approach
The project ensures the mainstreaming of a human-rights based approach and the Sustainable Development Goal (SDGs) commitment to "leave no one behind". By working with supporting NGOs/CSOs at local level on building resilience and finding innovative solutions for climate change adaptation; the project aims to increase the overall resilience and social and economic status for the communities and frequently excluded population groups. Small grants will be provided to NGOs/CSOs and community-based organizations involved with local environmental protection and poverty eradication activities; and/or climate change adaptation challenges that still require some level of experimentation to identify possible solutions. This project is new way to develop climate change resilience at local level. The expected overarching development outcome is innovation for effective, long-term adaptation to climate change accelerated promoted and enabled with particular emphasis on supporting vulnerable groups and gender equality.
Briefly describe in the space below how the project is likely to improve gender equality and women's empowerment

Similarly, the project will work with grantees to integrate rigorous gender analysis to understand and meaningfully address the particular needs, priorities, structural and systemic barriers, status and roles of men and women in their business. The grantee will work with the project team to develop business plan to advance gender equality and women's empowerment. All grantees must adhere to UNDP and AF policies and requirements on gender. Gender equality is imbedded in the project design, consultation, implementation, monitoring, reporting, and evaluation. The Grant committee will also ensure existing gender inequalities not be exacerbated by any activities or innovative solutions of grantee. Overall, the project will provide technical assistance to potential grantees to expand their innovative solutions that could advance social and economic status for women; either from the business perspective of from their customers' perspective.

Briefly describe in the space below how the project mainstreams sustainability and resilience

As a climate change and local led adaptation project, the project holds environmental sustainability as one of the core principles guiding the project. All grantees will be screened and evaluated according to UNDP environmental and social standards and gender policies. Additional screening on environmental sustainability will be carried out prior to signing grant agreements with the selected grantees. During project implementation, grantees are required to provide bi-annual Progress Briefs highlighting progress of their projects as well as status of compliance with UNDP's SES and gender policies. Project management unit would carry out regular monitoring of the compliance with required environmental and social management framework and GAP. Findings will be documented in the annual evaluation report.

The project aims to improve climate resilience by enhancing the ability of communities to adapt to climate change. This will involve supporting the development of early warning systems, providing access to climate information services, and strengthening preparedness measures. Grantees, such as civil society organizations, are expected to build their own capacity in climate adaptation planning, implementation, and monitoring through their participation in the project.

Briefly describe in the space below how the project strengthens accountability to stakeholders

The project strengthens accountability to stakeholders in three main ways:

- **Stakeholder Consultations:** All grantees are required to conduct **stakeholder consultations** during the design and implementation of their projects. They must also inform how the feedback and input from these stakeholders have been considered and integrated into the project's design.

- **Safeguard Monitoring and Reporting:** The project will use **safeguard monitoring and regular reporting** to ensure that all activities align with principles of transparency, inclusion, and responsiveness to the needs of the affected communities.

- **Participatory Evaluation:** Where feasible, the project may use **participatory evaluation processes** to assess the effectiveness and inclusivity of the solutions being supported. This allows affected communities to have a direct role in evaluating the project's success.

Part B. Identifying and Managing Social and Environmental Risks

QUESTION 2: What are the Potential Social and Environmental Risks? *Note: Complete SESP Attachment 1 before responding to Question 2.*		QUESTION 3: What is the level of significance of the potential social and environmental risks? *Note: Respond to Questions 4 and 5below before proceeding to Question 5*		QUESTION 6: Describe the assessment and management measures for each risk rated Moderate, Substantial or High
Risk Description (broken down by event, cause, impact)	*Impact and Likelihood (1-5)*	*Significance (Low, Moderate Substantial, High)*	*Comments (optional)*	*Description of assessment and management measures for risks rated as Moderate, Substantial or High*
Risk 1: exclusion of marginalized groups from decision-making Cause: Stakeholder engagement not sufficiently inclusive Impact: Potentially affected stakeholders, particularly marginalized groups and persons with disabilities, may be excluded from decisions affecting them, leading to grievances, objections, loss of trust, and potential project conflicts or delays. *Human Rights Principle*	I=3 L=4	**Moderate**	The project may exclude potentially affected stakeholders, particularly marginalized groups, from fully participating in grant selection and decision-making processes. It is expected that this risk has a high probability but low impact given the grant amount ($150,000 for NGOs/CSOS; $40,000 for private sector).	The Environment and Social Management Framework (ESMF) will contain mandatory screening criteria related to adverse impact on affected population and related conditions for the selection and implementation of the supported actions. Each supported action will be required to formulate a stakeholder engagement plan to: Identify stakeholders, including vulnerable and marginalized groups. Inform stakeholders about proposed actions and potential impacts. Raise awareness of their rights and entitlements under applicable standards. Engage stakeholders (community consultation) in good-faith consultations to agree on measures that avoid, minimize, or offset significant adverse impacts and ensure fair and equitable sharing of benefits.
Risk 2: Risk of exacerbating conflicts or violence among communities due to business expansion (Social cohesion and security concerns) Cause: Stakeholder engagement not sufficiently inclusive Impact: although the project aims to find climate change adaptation solutions that improve resilience, it is still likely that when handled incorrectly, the grant recipient businesses or social enterprises could exacerbate conflicts among and/or the risk of violence to project-affected communities and individuals by business expansion. *Human Rights Principle*	I=2 L=4	**Moderate**	It is expected that this risk has a high probability but low impact given the grant amount ($150,000 for NGOs/CSOS; $40,000 for private sector).	To operationalize this framework: The Investment Committee will establish SES screening protocols for all grantees. A Safeguards Expert will be engaged to review applications during selection and monitor compliance during implementation. SES risk management will be integrated into the Monitoring and Evaluation (M&E) system. Capacity-building will be provided through an initial webinar for grantees on SES requirements and an annual workshop to share lessons and strengthen safeguards practice. the project shall establish an easy-to-access project-level Grievance Redress Mechanism (GRM) to collect, consider and

| | | | | respond to concerns or grievances based on the relevant UNDP requirements and supplementary guidance.

The GRM will be presented during the inception phase and be operational throughout the project implementation. It will be mentioned during the stakeholder consultations and dissemination of project notification through appropriate media and/or at publicly accessible sites (including the site of the works). |

Risk 3: The grant recipient NGOs/CSOs limits women's ability to use, develop and protect natural resources, taking into account different roles and positions given the employment choice and local culture. Cause: insufficiently developed and/or implemented GAPs at grantee level. Impact: Project potentially reproduces discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits through grant selection. *Gender Equality and Women's Empowerment Principle*	I=3 L=3	*Moderate*	It is likely that the grant recipient businesses or social enterprise could have employment preference that might limit women's ability to take part of the w ork. It is expected this risk has moderate probability but low impact given the grant amount ($150,000 for NGOs/CSOS; $40,000 for private sector).	This program's screening criteria will include gender considerations. The grant proposal will include a simplified Gender Action Plan in line with the program's overall GAAP to:describe how the project would adhere to UNDP and the AF's Gender policies including gender mainstreaming and women's empowerment. The proposal will ensure that women and men meaningfully included in project activities, are provided with an equal opportunity to build resilience, address their differentiated vulnerabilities and increase their capability to adapt to climate change impacts. The proposal will illustrate how gender equality is imbedded in the project design, consultation, implementation, monitoring, reporting, and evaluation. Investment committee (gender balanced) will include a safeguard and gender expertise to enable grant approval and selection. *Grantee would need to address relevant SES-risks raised by the investment committee in their workplan.* From a result perspective, Grantees are required to prepare bi-annually Performance Briefs on the progress of their projects including status of their compliance with UNDP environment, social, and gender policy, in addition, any measures undertaken or impact created that addressing gender equality. A Gender action plan is designed in the project reviewed by internal gender expert.
Biodiversity Conservation and Sustainable Natural Resource Management Standard **Risk 4:** Grants are allocated to NGOs/CSOs where their business model could cause adverse impacts to habitats, e.g. associated with harvesting of natural	I=2 L=3	*Low*	It is possible some of the grant recipient businesses and social enterprises have business models that cause adverse natural resource or habitats impact.	*The ESMF will contain mandatory screening criteria related to biodiversity conservation and sustainable natural resource management.* *The supported actions shall:* • *as far as possible, conduct the proposed activities in areas where natural habitats have already been converted to*

forests or harvesting of fish populations or other aquatic species. Cause: Grantee might have business activities within or adjacent to critical habitats and/or environmentally sensitive areas, including legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities. Impact: Grantee might have business activities that result in secondary or consequential development activities which could lead to adverse environmental effects, or generate cumulative impacts with other known existing or planned activities in the area.				*other land uses or that have low value for biodiversity and ecosystem services, and low sensitivity to the anticipated impacts,* • *keep interventions in natural and semi-natural habitats to minimum in order not to disturb the existing flora and fauna, degrade the habitat and resident species populations* • *where possible avoid interventions that would reduce ecological connectivity in the ecosystem (e.g. restricting the free movement of species between important habitats) or changes in the important ecosystem processes (e.g. hydrological regimes and nutrient flows) that support ecosystems and their services* • *use cost-effective opportunities to enhance the existing habitats and ecosystem services as part of the proposed interventions.* *The actions that may have impacts on critical habitats shall review their management plans and consult relevant stakeholders managing the protected areas to ensure that its activities do not cause measurable adverse impacts on biodiversity values/criteria that underpin designation of the relevant critical habitats.* *The supported actions shall consider presence of any endangered species and any potentially significant adverse impacts on their habitats, breeding grounds, free movement, and migration needs and will be optimised to ensure that they:* ☐ *do not cause any reduction of any recognized Vulnerable, Endangered, or Critically Endangered species,* ☐ *avoid adverse impacts on endemic species, restricted-range species, and migratory species, and* ☐ *minimize unwarranted impacts on resident species populations.*
Climate Change Climate Change and Disaster Risks Standard **Risk 5:** The project aims to provide grants to local NGOs/CSOs in developing countries, it is no doubt that potential outcomes of the Project will be sensitive or vulnerable to potential impacts of climate change. Cause: Grantee might have business activities within or adjacent to critical habitats and/or environmentally sensitive areas, including legally protected areas (e.g. nature reserve, national park),	I=2 L=5	**Moderate**	The objective of the project is to find and scale potential solutions of climate change adaptation in fragile states; if climate change impact hits before the solution is scalable, it is likely that the grant recipient businesses or social enterprises will fail. However, given the project is operating in high risks environment, the project has a high risk tolerance therefore low impact.	*Overall, the project will manage SES-related risks by setting up controls at every stage of the project processes. See Human right section for the detail.*

areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities. Impact: Grantee might have business activities that result in secondary or consequential development activities which could lead to adverse environmental effects, or generate cumulative impacts with other known existing or planned activities in the area.				
Standard 7: Labour and Working Conditions Standard **Risk 6:** The grant recipient NGOs/CSOs might fail to comply with national and international good practices on Occupational Health and Safety for workers engaged in the project activities Cause: NGOs/CSOs receiving grants do not sufficiently implement and monitor occupational health and safety guidelines in line with national legislation and international standards. Impact: Employment with the NGOs/CSOs could pose a potential risk to health and safety of individuals employed by grantees during project implementation; severity depends on task- specific hazards and the effectiveness of controls.	I=3 L=3	**Moderate**	Given the project will work with many local NGOs/CSOs, it is likely that the grant recipient businesses or NGOs/CSOs fail to comply with national and international labor standards.	See the specific screening criteria and conditions for the selection of the supported projects specified in the ESMF. The project will require the implementing partners/responsible parties/contractors to provide their workers with labour and working conditions that meet the national labour laws, including the following core labor-related requirements stipulated in the relevant key ILO conventions: (a) Provide project workers with clear and understandable information on terms and conditions of their employ-ment (e.g. payment in a timely manner, written notice of termination, and payment of all wages and benefits on termination, etc.). (b) Prevent and address violence, harassment, intimida-tion, or exploitation, including any form of gender-based violence. (c) Ensure that workers engaged have appropriate health and social insurance.
Risk 7: non-compliance with national labor laws or international standards (e.g., inadequate contracts, unsafe working conditions, discrimination, or lack of social protection) Cause: NGOs/CSOs receiving grants do not sufficiently implement and monitor human resource policies in line with national legislation and international standards Impact: NGOs/CSO staff or contractors experience working conditions that do not meet national labour laws and international commitments *Standard 7: Labour and Working Conditions Standard*	I=2 L=4	**Moderate**	It is possible to provide grants to for-profit businesses that has negative impact on the revenue of social enterprises (vice versa). Employment raised from the grant recipient businesses or social enterprise could have adverse human rights practice. It is expected that all this risks has a high probability but low impact given the grant amount ($150,000 for NGOs/CSOS; $40,000 for private sector).	*The project will define an operationalization of the GRM by which workers have access to grievance channels in line with UNDP's GRM guidance.*

Cultural Heritage Standard **Risk 8:** The grant recipient NGOs/CSOs or UNDP's activities could lead to commercialization of traditional knowledge without consent and/or agreed benefit-sharing . Cause: NGOs/CSOs grantees will share their lessons learnt in their innovative approach to climate change adaptation, other actors could use the knowledge product of UNDP to commercialize these traditional knowledge. As part of the project, UNDP is expected to act as an investment broker to find commercial investors to invest commercially in scalable grantees. Impact: Indigenous Peoples and/or local communities are not sufficiently engaged in free, prior informed consent and/or do not obtain an equitable share of benefits derived from any commercial development of their traditional knowledge.	I=4 L=1	**Moderate**	The objective of the project is to find and scale potential solutions of climate change adaptation in developing countries on local level, the solutions could raise from traditional knowledge; but given we are providing grant to existing NGOs/CSOs, generally it means the knowledge is already embedded in their business model. Given grantees have the right to accept or reject any investment offers, the likelihood of commercialization without consent is low; however if it did occur, the impact would be high due to potential loss of IP/mission control and reputational/legal harm..	*UNDP will conduct due diligence on the private sector with aim to invest in project grantees.* *The supported actions shall be required to:* *• comply with the local requirements for their protection and preservation, and fully respect the requirements of the World Heritage Convention (if they might affect the World Heritage sites).* *• consult the relevant authorities where potentially significant risks would arise and engage qualified professionals for cultural heritage preservation to explore all viable and feasible alternatives for the avoidance, minimisation, or offsetting these risks (including changes in the planned activities, in situ conservation and rehabilitation, etc.)* *• ensure that they do not lead to the destruction of unknown cultural heritage (chance finds) and follow national requirements and/or globally recognized good practices for field study, inventorying, and documentation of archaeological heritage.*
Displacement and Resettlement Standard **Risk 9:** Communities in the project area (including ethnic minorities) could face economic displacement, changes to land rights and/or restricted access to resources. Cause: grant recipient businesses and social enterprises expansion limits community access to land and/or natural resources. Impact: adverse impacts on community members' livelihoods	I=4 L=1	**Low**	Local resources/land could be purchased through the expansion of grant supported businesses and social enterprises (although low impact due to limited size of the grants). This could potential causes economic displacement, restricted access to resources.	Grantees would need to clear ensure no economic displacement and no resettlement in their workplan. As specified in the ESMF (Screening & Exclusion Criteria), grantees confirm in their proposals that project-related activities will not cause physical displacement. Each grantee completes a screening including targeted questions on economic displacement. The Project Safeguards & Gender Expert reviews and quality-assures the screenings and agrees measures to avoid, mitigate, or minimize any potential impacts.
Indigenous Peoples Standard **Risk 10**: Exclusion of Indigenous Peoples (IPs) from fully participating in decisions that may affect their lands, natural resources, territories, traditional livelihoods, and cultural heritage. Cause: The project aims to provide grants to local NGOs/CSOs in developing countries. It is highly likely that the project will be working with Indigenous Peoples, either as grantees, customers of grantees or	I=3 L=3	**Moderate**	The objective of the project is to find and scale potential solutions of climate change adaptation in by providing grant to existing NGOs/CSOs. As the project does not create new or change of current local engagement method with Indigenous Peoples, the impact is quite low. However, since the project regions have not defined,	All project-supported activities shall be screened for potential risks to Indigenous Peoples. Where such risks are identified, the following measures shall be applied: Undertake meaningful, inclusive, and culturally appropriate consultations with Indigenous Peoples, consistent with the principle of Free, Prior, and Informed Consent (FPIC), to ensure their effective participation in project design and implementation.

suppliers of grantees. This is expected to lead to positive outcomes for Indigenous Peoples, but could entail adverse outcomes if free, prior and informed consent processes are not duly followed. Impact: Inequitable or discriminatory impacts or Indigenous Peoples' access to rights, resources and livelihoods; lack of access to project benefits.			place impact rating on 3 (impacts of low magnitude) until further assessment is done.	Identify and assess potential impacts on Indigenous Peoples' rights, lands, resources, cultural heritage, and traditional livelihoods. Avoid adverse impacts where possible. Where avoidance is not possible, minimize, mitigate, or compensate for such impacts in a manner agreed upon with affected Indigenous Peoples. Ensure Indigenous Peoples share equitably in project benefits, respecting their rights, dignity, and cultural identity. Support Indigenous Peoples in strengthening their adaptive capacities and traditional knowledge systems relevant to climate resilience.
Community Health, Safety & Security Standard *Risk 11: Project may create certain health and safety risks or construction-related risks to communities.* *Cause: NGOs/CSOs receiving grants do not sufficiently implement and monitor occupational health and safety guidelines in line with national legislation and international standards.* *Impact: adverse consequences for community health and safety.*	I=3 L=3	**Moderate**		The supported actions shall be screened for public health and safety risks. They will be required to be designed, implemented, and operated in accordance with the national law and will also respect the following UNDP requirements for construction process management:
Pollution Prevention & Resource Efficiency Standard **Risk 12**: Pollution/inadequate waste management Cause: NGOs/CSOs receiving grants are insufficiently informed of pollution/waste management risks and/or fail to identify appropriate management measures. Impact: adverse environmental impacts if not well managed.	I=2 L=3	**Low**		The supported actions shall be screened for pollution prevention and resource efficiency risks. They will be required to avoid, minimize, and mitigate environmental and related public health risks associated with the potential release of pollutants in routine and non-routine circumstances in accordance with the national law and international best practices used in the region.

QUESTION 4: What is the overall project risk categorization?		
Low Risk	☐	
Moderate Risk	☒	The overall risk categorization is **Moderate**. The means of mitigating risks have been identified and have been integrated into overall project design, grantee requirements and implementation framework.

	While individual grants are relatively small (USD40,000 to up to USD200,000) which limits the scale of potential impacts, the project involves multiple risks across social and environmental dimensions that require active management. The project's innovation focus means some activities may be untested or involve new approaches that could have unforeseen consequences. The diverse contexts expected worldwide add complexity. However, the project's strong design features for risk management, including mandatory safeguards screening, technical assistance, and monitoring systems, provide confidence that risks can be effectively managed.			
Substantial Risk	☐			
High Risk	☐			

QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are triggered? (check all that apply)	
Question only required for Moderate, Substantial and High Risk projects	

				Status? (completed, planned)
Is assessment required? (check if "yes")	☐			
if yes, indicate overall type and status		X	Targeted assessment(s) – targeted screening of the project applications	During implementation
		☐	ESIA (Environmental and Social Impact Assessment)	
		☐	SESA (Strategic Environmental and Social Assessment)	
Are management plans required? (check if "yes)	☐			
If yes, indicate overall type		X	Targeted management plans (e.g. Gender Action Plan, Emergency Response Plan, Waste Management Plan, others)	A GAAP and SEP were prepared

		☐	ESMP (Environmental and Social Management Plan which may include range of targeted plans)	
		X	ESMF (Environmental and Social Management Framework)	Attached to the proposal
Based on identified <u>risks</u>, which Principles/Project- level Standards triggered?		**Comments (not required)**		

	Overarching Principle: Leave No One Behind		
	Human Rights	X	
	Gender Equality and Women's Empowerment	X	
	Accountability	☐	
	1. Biodiversity Conservation and Sustainable Natural *Resource Management*	X	
	2. Climate Change and Disaster Risks	X	
	3. Community Health, Safety and Security	X	
	4. Cultural Heritage	X	
	5. Displacement and Resettlement	X	
	6. Indigenous Peoples	X	
	7. Labour and Working Conditions	X	
	8. Pollution Prevention and Resource Efficiency	X	

UNDP-Adaptation Fund Climate Innovation Accelerator Phase 2

Environmental and Social Management Framework

TABLE OF CONTENTS

1 EXECUTIVE SUMMARY

The Project is implemented by UNDP as the Multilateral Implementing Entity (MIE), with execution led by the Global Project Management Unit (PMU) based in UNDP´ Office in Bonn (Germany). Key partners include UNDP Country Offices, civil society organizations (CSOs), micro-, small-, and medium-sized enterprises (MSMEs), cooperatives, and academic institutions.

The Project is structured around 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.

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.

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.

Potential social and environmental impacts are expected to be largely positive, including improved climate resilience, gender empowerment, and ecosystem protection. However, risks such as unequal access, environmental degradation, or exclusion of marginalized groups are acknowledged.

To manage these, the Project includes a robust Environmental and Social Management Framework (ESMF) aligned with the UNDP Social and Environmental Standards (SES) and the Adaptation Fund's Environmental and Social Policy. All sub- projects within the Project undergo environmental and social screening, and where necessary, simplified Environmental and Social Management Plans (ESMPs), Gender Action Plans (GAPs), and Stakeholder Engagement Plans (SEPs) are developed.

Furthermore, a Grievance Redress Mechanism (GRM) that is intended to be the "first line" of response to stakeholder concerns that have not been prevented by proactive stakeholder engagement for stakeholders who have a concern about the Project potential impacts on them. And, an UNDP Accountability Mechanism, which includes the Stakeholder Response Mechanism (SRM) and the Social and Environmental Compliance Unit (SECU) if stakeholders are not satisfied with the GRM's response[1]

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[1] **Social and Environmental Compliance Review and Stakeholder Response Mechanism**. In June 2014 UNDP adopted mandatory Social and Environmental Standards (SES) for all of UNDP's projects and Projects effective 1 January 2015. The objectives of the Standards are to: a) Strengthen the social and environmental outcomes of UNDP projects; b) Avoid adverse impacts to people and the environment affected by projects; c) Minimize, mitigate, and manage adverse impacts where avoidance is not possible; d) Strengthen UNDP and partner capacities for managing social and environmental risks; and e) Ensure full and effective stakeholder engagement, including through a mechanism to respond to complaints from project-affected people.
 The Standards will be underpinned by an Accountability Mechanism with two key components: 1. A Compliance Review to respond to claims that UNDP is not in compliance with applicable environmental and social policies. 2. A Stakeholder Response Mechanism (SRM that ensures individuals, peoples, and communities affected by projects have access to appropriate grievance resolution procedures for hearing and addressing project-related complaints and disputes). For more information please visit: https://www.undp.org/social-and-environmental-compliance-review-and-stakeholder-response-mechanism

2 INTRODUCTION

This Environmental and Social Management Framework (ESMF) has been prepared in support of a Project proposal for "**UNDP-Adaptation Fund Climate Innovation Accelerator Phase 2**" by the UNDP to the Adaptation Fund (AF). As this Project is supported by UNDP in its role as a AF Accredited Entity, the Project has been screened against UNDP's Social and Environmental Standards (SES) utilizing the UNDP Social and Environmental Screening Procedure (SESP) and deemed a Moderate Risk Project.

Since the Project includes a range of activities and sub-projects with yet unknown design parameters and uncertain social and environmental risks that cannot be fully assessed during the Project appraisal, this Environmental and Social Management Framework (ESMF) has been developed to set out the principles, rules, guidelines and procedures for screening, assessing, and managing the potential social and environmental impacts of the forthcoming but as yet undefined interventions.

The ESMF presents:

- Project context and its activities that may involve social and environmental risks

- the applicable social and environmental risk management requirements based on the relevant UNDP and Adaptation Fund policies,

- the applicable country law,

- procedures for further screening of the Project application based on the combined UNDP and Adaptation Fund requirements and the applicable country law,

- guidance for the social and environmental risk management for the Project applicants and sub projects selection

- the required stakeholder engagement and transparency measures.

As such, this ESMF has been prepared to guide further assessment and management of the expected environmental and social risks of the Project based on the applicable UNDP and Adaptation Fund requirements and the national law.

3 PROJECT DESCRIPTION

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-potential** [2] **solutions** that enhance climate resilience and benefit vulnerable populations.

3.1 OVERVIEW OF THE PROJECT

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)

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[2] High potential grantees will be selected 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.

are among the most vulnerable, facing severe climate impacts with limited resources for adaptation[3]. 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 finance[4], 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 2019[5]. 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 investment, too "large" for seed funding/micro grants, and too unconventional for traditional development funding[6].

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 critical[7].

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 cracks[8]. 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.

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

[4] 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/

[5] 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/

[6] 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]

[7] 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]

[8] 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

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

Outcome 1: High potential, locally led adaptation innovations, including non for-profit entities and micro, small and medium enterprises (MSMEs), are identified and supported with catalytic fi-nance and technical assistance, improving their readiness for scale and alignment with national adaptation priorities (NAPs/NDCs). Adaptation innovations with demonstrated results and strong potential for scale will be identified and supported through catalytic grants (max USD 200K). 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 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 leveraged to influence replication, policy frameworks, and investment practices through strategic partnerships, regional platforms, and global knowledge networks, accelerating inclusive and market-oriented adaptation solutions. The Project 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.

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 Project will support capable, locally rooted organisations in the "missing middle" that have demonstrated potential to scale context-relevant adaptation innovations and drive systemic impact.

1   **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. [9] Disaster risk reduction, guided by the Sendai Framework, remains essential for protecting lives, assets, and development gains in the face of intensifying climate hazards. [10] 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

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

[10] https://www.undrr.org/media/16176/download?startDownload=20250721 page 14

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 Project 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.

2   **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 States[11], (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 Project 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 ecosystems[12]. This model promotes cost-effective delivery and supports country-specific scaling pathways, while maintaining flexibility to adapt to regional dynamics and levels of demand.

3   **Support for Scaling and Ecosystem Integration:** CSOs, MSMEs 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.

4   **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 Projects (implemented by UNEP-CTCN, UNIDO, WFP) and other Large Innovation Grant Programs 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.

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[11] 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.

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

4 APPLICABLE POLICY AND LEGAL FRAMEWORK

This section provides a preliminary review of the applicable policy, legal and institutional framework related to the potential risks and benefits of the implementation of the proposed activities. It includes a brief review of applicable national legislation, policies and regulations; and the UNDP SES.

4.1 UNDP SOCIAL AND ENVIRONMENTAL STANDARDS

The Program will comply with UNDP's Social and Environmental Standards (SES), which came into effect in January 2021. The SES underpin UNDP's commitment to mainstream social and environmental sustainability in its Projects and Sub-Projects to support sustainable development. The objectives of the standards are to:

- Strengthen the social and environmental outcomes of Projects and Sub-Projects

- Avoid adverse impacts to people and the environment

- Minimize, mitigate, and manage adverse impacts where avoidance is not possible

- Strengthen UNDP and partner capacities for managing social and environmental risks

- Ensure full and effective stakeholder engagement, including through a mechanism to respond to complaints from project-affected people

The SES are an integral component of UNDP's quality assurance and risk management approach to programming.

Table -1 **Key Elements of UNDP's Social and Environmental Standards (SES)**

Part A: Programming Principles	Part B: Project-Level Standards	Part C: Social and Environmental Management System Requirements
Human Rights Gender Equality and Women's Empowerment Sustainability and Resilience Accountability	S1- Biodiversity and Sustainable Natural Resource Management S2- Climate Change and Disaster Risks S3- Community Health, Safety, and Security S4- Cultural Heritage S5- Displacement and Resettlement S6- Indigenous Peoples S7- Labour and Working Conditions S8- Pollution Prevention and Resource Efficiency	Quality Assurance Screening and Categorization Assessment and Management Stakeholder Engagement and Response Mechanism Access to Information Monitoring, Reporting, and Compliance review

The Standards are underpinned by an Accountability Mechanism with two key functions:

- A Stakeholder Response Mechanism (SRM) that ensures individuals, peoples, and communities affected by UNDP Programs have access to appropriate procedures for hearing and addressing project-related grievances; and

- A Compliance Review process that can investigate claims that UNDP is not in compliance with UNDP's social and environmental policies.

Through the AF Accreditation Process, the SES are acknowledged to be consistent with the Adaptation Fund's Environment and Social Policy (see section 4.2 below). The UNDP SES also require UNDP not to support activities that do not comply with national law and obligations under international law, whichever is the higher standard (hereinafter "Applicable Law"). UNDP Projects and Sub-projects, therefore, must always comply with the beneficiary countries' national law (see section below). The supported actions will therefore have to meet not only UNDP SES and Adaptation Funds Environment and Social Policy but also any additional requirements stipulated in the national law.

4.2 ADAPTATION FUND ENVIRONMENTAL AND SOCIAL POLICY

The Adaptation Fund had established in March 2016 its own Environmental and Social Policy to ensure that the Fund does not support projects/Projects that unnecessarily harm the environment, public health or vulnerable communities. The Policy is built on 15 principles and also provides adequate opportunities for the informed participation of all stakeholders in the formulation and implementation of projects/Projects supported by the Fund.

As part of the implementing entities' responsibilities for the project, the Fund requires the implementing entities to (i) have an environmental and social management system that ensures environmental and social risks are identified and assessed at the earliest possible stage of project/Project design, (ii) adopt measures to avoid or where avoidance is impossible to minimize or mitigate those risks during implementation, and (iii) monitor and report on the status of those measures during and at the end of implementation. These requirements are fully consistent with the UNDP Social and Environmental Standards. The table below outlines the consistency of the Adaptation Fund Environmental and Social Principles with the specific requirements stipulated by the UNDP's Social and Environmental Standards.

Table -2 **Analysis of the consistency of the Adaptation Fund Environmental and Social Principles with the UNDP Social and Environmental Standards**

Adaptation Fund Environmental and Social Principles	UNDP Social and Environmental Standards (relevant provisions only)
Compliance with the Law: Projects/Projects supported by the Fund shall be in compliance with all applicable domestic and international law.	See the UNDP SES Accountability Principle 4, item 30 stating that 'UNDP does not support activities that do not comply with national law and obligations under international law, whichever is the higher standard (hereinafter "Applicable Law").
Access and Equity: Projects/Projects supported by the Fund shall provide fair and equitable access to benefits in a manner that is inclusive and does not impede access to basic health services, clean water and sanitation, energy, education, housing, safe and decent working conditions, and land rights. Projects/Projects should not exacerbate existing inequities, particularly with respect to marginalized or vulnerable groups.	See the See the UNDP SES Human Rights Principle, paragraph 14 and the Social and Environmental Screening questions related to: - P1.6 Risk of restricting access to resources or basic services.
Marginalized and Vulnerable Groups: Projects/Projects supported by the Fund shall avoid imposing any disproportionate adverse impacts on marginalized and vulnerable groups, including children, women and girls, the elderly, indigenous people, tribal groups, displaced people, refugees, people living with disabilities, and people living with HIV/AIDS. In screening any proposed project/Project, the implementing	See the UNDP SES Human Rights Principle, paragraph 16 and the Social and Environmental Screening questions related to: - P1.5 Risk of inequitable or discriminatory impacts on affected populations.

entities shall assess and consider particular impacts on marginalized and vulnerable groups.	
Human Rights: Projects/Projects supported by the Fund shall respect and, where applicable, promote international human rights.	See the UNDP SES Human Rights Principle, paragraph 13 and the Social and Environmental Screening questions related to: • P1.4 Risk of adverse impacts on civil, political, economic, social or cultural rights.
Gender Equality and Women's Empowerment: Projects/Projects supported by the Fund shall be designed and implemented in such a way that both women and men (a) have equal opportunities to participate as per the Fund gender policy (refer to Annex 4 for details); (b) receive comparable social and economic benefits; and (c) do not suffer disproportionate adverse effects during the development process.	See the UNDP SES Gender Equality and Women's Empowerment Principle, paragraphs 18-20 and the Social and Environmental Screening questions related to: • P2.9 Risk of adverse impacts on gender equality, • P2.10 Risk of discrimination against women, • and • P2.11 risks of limiting the women's access to natural resources.
Core Labour Rights: Projects/Projects supported by the Fund shall meet the core labour standards as identified by the International Labor Organization.	SES Standard 7, paragraphs 5-12, 20-24 and the Social and Environmental Screening questions related to: • S7.1 Risks of substandard labour & working conditions, • S7.2 Risks to freedom of workers association and collective bargaining, • S7.3 Child labour risks, • S7.4 Forced labour risks (incl. in supply chains), • S7.5 Risks of discriminatory working conditions, • S7.6 Occupational health and safety risks.
Indigenous Peoples: The Fund shall not support projects/Projects that are inconsistent with the rights and responsibilities set forth in the UN Declaration on the Rights of Indigenous Peoples and other applicable international instruments relating to indigenous peoples.	Entire See the UNDP SES Standard 6 and the Social and Environmental Screening questions related to: • S6.1 Risks associated with activities taking place where indigenous peoples are present • S6.2 Risks associated with activities taking place on lands, territories claimed by indigenous peoples • S6.3 Risks to rights, lands, territories natural resources and traditional livelihoods of indigenous peoples • S6.4 Risk that activities will take place without meaningful, effective informed participation of indigenous peoples • S.6.5 Risk of utilizing/developing indigenous peoples resources without agreement and/or agreed benefit sharing • S6.6 Risk of forced eviction or physical/economic displacement of indigenous peoples • S6.7 Impacts on development priorities of indigenous peoples • S6.8 Risks to physical and cultural survival of indigenous peoples • S6.9 Risks of impacts on cultural heritage of indigenous peoples
Involuntary Resettlement: Projects/Projects supported by the Fund shall be designed and implemented in a way that avoids or minimizes the need for involuntary resettlement. When limited involuntary resettlement is unavoidable, due process should be observed so that displaced persons shall be informed of their rights, consulted on their options, and offered technically,	See the UNDP SES Standard 5 objective and its paragraphs 1,3,4 and the Social and Environmental Screening questions related to: • S5.1 Physical displacement risks • S5.2 Economic displacement risks • S5.3 Risk of forced evictions • S5.4 Risks of impacts on community-based rights to land, territories or resources

economically, and socially feasible resettlement alternatives or fair and adequate compensation.	
Protection of Natural Habitats: The Fund shall not support projects/Projects that would involve unjustified conversion or degradation of critical natural habitats, including those that are (a) legally protected; (b) officially proposed for protection; (c) recognized by authoritative sources for their high conservation value, including as critical habitat; or (d) recognized as protected by traditional or indigenous local communities.	See the UNDP SES Standard 1, paragraph 13 and the Social and Environmental Screening questions related to: • S1.2 Risks to critical habitats
Conservation of Biological Diversity: Projects/Projects supported by the Fund shall be designed and implemented in a way that avoids any significant or unjustified reduction or loss of biological diversity or the introduction of known invasive species.	SES Standard 1, paragraph 13 and the Social and Environmental Screening questions related to: • S1.4 Risks to endangered species
Climate Change: Projects/Projects supported by the Fund shall not result in any significant or unjustified increase in greenhouse gas emissions or other drivers of climate change.	SES Standard 2, paragraph 9 and the Social and Environmental Screening questions related to: • S2.4 risks of increased GHG emissions
Pollution Prevention and Resource Efficiency: Projects/Projects supported by the Fund shall be designed and implemented in a way that meets applicable international standards for maximizing energy efficiency and minimizing material resource use, the production of wastes, and the release of pollutants.	• SES Standard 8, paragraph 4 and paragraphs 7-9 and the Social and Environmental Screening questions related to: • S8.1 risks of pollutants release • S8.2 risks of inadequate waste management
Public Health: Projects/Projects supported by the Fund shall be designed and implemented in a way that avoids potentially significant negative impacts on public health.	See the UNDP SES Standard 3, paragraphs 2,3,6, and 7 and the Social and Environmental Screening questions related to: • S3.1 construction-related risks • S3.2 Emissions, noise, traffic, hazards and effluent risks • S3.3 safety risks due to failure of project structural elements • S3.4 risks of water/vector-borne diseases
Physical and Cultural Heritage: Projects/Projects supported by the Fund shall be designed and implemented in a way that avoids the alteration, damage, or removal of any physical cultural resources, cultural sites, and sites with unique natural values recognized as such at the community, national or international level. Projects/Projects should also not permanently interfere with existing access and use of such physical and cultural resources.	See the UNDP SES Standard 4, paragraphs 1, 2, and 14 and the Social and Environmental Screening questions related to: • S4.1 risks to cultural heritage sites • S4.2. risks of unknown archaeological heritage damage • S4.3 risks to tangible and intangible forms of cultural heritage
Lands and Soil Conservation: Projects/Projects supported by the Fund shall be designed and implemented in a way that promotes soil conservation and avoids degradation or conversion of productive lands or land that provides valuable ecosystem services.	See the UNDP SES Standard 1, paragraph 21 and the Social and Environmental Screening questions related to: • S1.7 risks of soil degradation

As required by the Adaptation Fund Environmental and Social Policy, the above requirements will be fully respected within the Program and will guide project design, implementation, and monitoring of any identified environmental and social risks.

4.3. APPLICABLE COUNTRY LAW

All countries that will be supported by the Program are yet to be determined throughout the Program cycle via a tailored selection process.

In regards to national/local legal and institutional framework UNDP assumes that the grantee is aware and complies of the legal and institutional framework that applies at the national/local levels for the governance, social and environmental scopes of their activities, including those pertaining to stakeholder engagement. May any issues be identified and/or arise on this aspect, they will be immediately communicated to the UNDP´s Program PMU to be evaluated.

5 PROJECT SCREENING AGAINST THE ADAPTATION FUND'S SOCIAL AND ENVIRONMENTAL PRINCIPLES

While the project is expected to have mainly positive social and environmental impacts and integrates social and environmental standards in its design, a number of risks were identified as per UNDP's Social and Environmental Screening Procedure (Annex 3). As per UNDP's Social and Environmental Standards policy and the AF's Environmental and Social Policy, the principles and standards outlined in the table below are triggered. Potential adverse social and environmental risks and impacts are limited in scale, largely reversible and can be identified with a reasonable degree of certainty and readily addressed through application of recognized good international practice, mitigation measures and stakeholder engagement during project design and implementation. The overall project risk category is Moderate as per UNDP's Social and Environmental Standards policy and B as per the AF's Environmental and Social Policy.

For sake of completeness, a detailed review of the potential risks and their mitigation measures is provided below based on the Adaptation Funds Environmental and Social Policy. Please note that the proposed mitigation measures are based on the applicable UNDP SES requirements and, as such, they have been directly integrated into the Environmental and Social Management Guidelines for the Supported Projects which are presented in sub-chapter 6.3 of this ESMF. They are therefore twice repeated - in this and the next chapter.

Table -3 **Adaptation Fund risks and mitigation measures.**

Checklist of environmental and social principles	Potential impacts and risks – further assessment and management required for compliance
Compliance with the Law *UNDP SES Accountability Principle*	All project-supported activities shall be screened in order to ensure that they fully comply with all applicable national law.
Access and Equity *UNDP SES Human Rights Principle*	All project-supported activities shall be screened in order to ensure that provide fair and equitable access to benefits in a manner that is inclusive for potentially affected populations, including marginalized individuals and persons with disabilities, and not exacerbate existing inequities, particularly with respect to marginalised or vulnerable people who live in extreme poverty

	or face disadvantage(s) that limit their choices and opportunities relative to others in society.
Marginalized and Vulnerable Groups *UNDP SES Human Rights Principle*	All project-supported activities shall be screened to ensure that they do not to exacerbate existing inequities, particularly with respect to marginalized or vulnerable groups. Where risks of potential risks to access and equity arise, the supported actions shall be required to: • identify potential impact of the proposed activities on the potentially affected individuals and groups, including those who have lesser access to its benefits and/or marginalised or vulnerable groups, • Identify practical measures that avoid, reduce or offset such adverse impacts, and • uphold the principles of accountability, inclusion, non-discrimination, and participation and increase the inclusion of potentially affected groups in decision-making processes that may impact them (consistent with the non-discrimination and equality human rights principle).
Human Rights *UNDP SES Human Rights Principle*	All project-supported activities shall be screened for potential Human Rights risks. Where the risks of Human Rights violation would rise, the project shall duly consider any such risks and assist the applicants in adequately addressing them based on standards set in international law or national law (whichever is higher).
Gender Equality and Women's Empowerment *UNDP SES Gender Equality and Women's Empowerment Principle*	All project-supported activities shall be screened to ensure that they are gender-responsive and not reinforce gender-based discrimination and/or inequalities. The supported actions will be expected to promote a meaningful and equitable participation of both women and men in decision-making about the supported activities, allow both genders obtain comparable social and economic benefits from the proposed actions, and support women to easily access them. The project will (where relevant) promote women-led initiatives.
Core Labour Rights *UNDP SES Standard 7 Labour and Working Conditions*	All project-supported activities shall be screened for the potential labour risk violations. The supported organisations will be required to provide their workers with labour and working conditions that meet the national labour laws, including the following core labour-related requirements stipulated in the relevant key ILO conventions: • Provide project workers with clear and understandable information on terms and conditions of their employment (e.g. payment in a timely manner, written notice of termination, and payment of all wages and benefits on termination, etc.). • Prevent and address violence, harassment, intimidation, or exploitation, including any form of gender-based violence. • Ensure that workers engaged have appropriate health and social insurance. • Exclude unsafe working practices and implement relevant occupational health and safety measures, such as: • Provide workers with introductory job- focused safety trainings before starting work; training event is properly registered in the instructions' book.

	• Ensure that workers' protective equipment based on the local requirements and international good practice (e.g. hardhats, masks, safety glasses, harnesses, safety boots, etc.) • Make the first aid kits available on site and fire-extinguisher easily accessible in all sections of the site. • Introduce appropriate signposting of the sites will inform workers of key rules and regulations to follow. • Record and report health & safety incidents to UNDP.
Indigenous Peoples *UNDP SES Standard 6 Indigenous Peoples*	All project-supported activities shall be screened for potential risks to Indigenous Peoples. Where such risks are identified, the following measures shall be applied: • Undertake meaningful, inclusive, and culturally appropriate consultations with Indigenous Peoples, consistent with the principle of **Free, Prior, and Informed Consent (FPIC)**, to ensure their effective participation in project design and implementation. • Identify and assess potential impacts on Indigenous Peoples' rights, lands, resources, cultural heritage, and traditional livelihoods. • Avoid adverse impacts where possible. Where avoidance is not possible, minimize, mitigate, or compensate for such impacts in a manner agreed upon with affected Indigenous Peoples. • Ensure Indigenous Peoples share equitably in project benefits, respecting their rights, dignity, and cultural identity. Support Indigenous Peoples in strengthening their adaptive capacities and traditional knowledge systems relevant to climate resilience.
Involuntary Resettlement *UNDP SES Standard 5 Displacement and Resettlement*	All project-supported activities shall be screened for potential displacement risks. Where such risks would arise, the actions seeking project support shall be required to conduct a dedicated due diligence of any displacement activities before they take place to: • Identify and assess any potential physical and economic displacement risks • Prohibit any forced evictions. • Include measures for avoiding, or, when avoidance is not possible, minimizing any potential displacement risks and their adverse social and economic impacts. • Consult the potentially affected stakeholders (with specific attention to poor and marginalised groups) on the proposed measures and opportunities for improving their living standards and the overall socioeconomic status through the project interventions.
Protection of Natural Habitats *UNDP SES Standard 1 Biodiversity Conservation and Sustainable Natural Resource Management*	All project-supported activities shall be screened for risks related to natural Habitats. They shall be generally required to: • as far as possible, conduct the proposed activities in areas where natural habitats have already been converted to other land uses or that have low value for biodiversity and

	ecosystem services, and low sensitivity to the anticipated impacts, • keep interventions in natural and semi-natural habitats to minimum in order not to disturb the existing flora and fauna, degrade the habitat and resident species populations • where possible avoid interventions that would reduce ecological connectivity in the ecosystem (e.g. restricting the free movement of species between important habitats) or changes in the important ecosystem processes (e.g. hydrological regimes and nutrient flows) that support ecosystems and their services. • assess and manage the impacts of proposed interventions on critical, natural and modified habitats and their ecosystem services in accordance with the UNDP SES 1 requirements, • use cost-effective opportunities to enhance the existing habitats and ecosystem services as part of the proposed interventions.
Conservation of Biological Diversity *UNDP SES Standard 1 Biodiversity Conservation and Sustainable Natural Resource Management*	All project-supported activities shall be screened for biodiversity risks. They shall be generally required to consider the presence of any endangered species and any potentially significant adverse impacts on their habitats, breeding grounds, free movement, and migration needs and will be optimised to ensure that they: • do not cause any reduction of any recognized Vulnerable, Endangered, or Critically Endangered species, • avoid adverse impacts on endemic species, restricted-range species, and migratory species, and • minimize unwarranted impacts on resident species populations. They shall also be required to: • not introduce species known to be invasive into new environments, • promote the use of native species or more resilient varieties of native species as a priority, and • use any potentially suitable alien species (e.g. climate resilient crop seed varieties) only if they were duly approved as posing no risks of potential invasive behaviour by the relevant authorities.
Climate Change *UNDP SES Standard 2 Climate Change and Disaster Risks*	The supported actions shall screened for any potential project-related increases in emissions that may exacerbate climate change, such as GHG emissions and black carbon emissions. Where any such risks would arise (e.g. the use of cooling systems), the action shall be asked to consider and adopt technically and financially feasible alternatives for reducing proposal-related greenhouse gas emissions. Such options may include, but are not limited to: • alternative project locations, • adoption of renewable or low-carbon energy sources, or energy efficiency measures • use of low-global-warming-potential coolants for air-conditioning and refrigeration, • promote climate-smart agricultural, forestry, and livestock management practices, and ecosystem-based adaptation and mitigation measures (including potential integration of carbon sinks).

Pollution Prevention and Resource Efficiency *UNDP SES Standard 8 Pollution Prevention and Resource Efficiency*	The supported actions shall be screened for pollution prevention and resource efficiency risks. They will be required to avoid, minimize, and mitigate environmental and related public health risks associated with the potential release of pollutants in routine and non-routine circumstances in accordance with the national law and international best practices used in the region. Where the risks of pollution release would arise, the project will: • require operators to conduct orientation training addressing relevant environmental and occupational health and safety issues prior commencement of the relevant operations, • conduct regular surveillance is conducted to avoid leaks, spills, incidents or accidents occurring during the use of equipment and during storage, • monitor, manage and remediate any chemical oil leaks or spills, and incidents/accidents occurring during the use of equipment and their effects, and undertake all necessary immediate actions to ensure they do not adversely affect water bodies/sources. Where the risks of inadequate waste management would arise, the supported actions shall be required to: • reduce the generation of any generated waste • separate waste at the source (where possible) • reuse waste in a manner that is safe for human health and the environment. • transport all waste that cannot be reused to an appropriate waste recovery-or-treatment facility that appropriately controls its emissions and residues in accordance with the national law and international best practices used in the region.
Public Health *UNDP SES Standard 3 Community Health, Safety and Security*	The supported actions shall be screened for public health and safety risks. They will be required to be designed, implemented, and operated in accordance with the national law and will also respect the following UNDP requirements for construction process management: • have design and management plans which were: i) prepared by suitably qualified and experienced professionals who are certified for such design process, and ii) cleared by the competent authorities for construction process management. Low-risk designs will require at least a peer-review by qualified professionals. • be constructed and operated by the experienced contractor(s) having relevant certifications and permits for the relevant works, • implement preventive/protective measures to avoid/minimize the relevant health and safety risks for the construction workers and the surrounding communities based on the national law and international good practice, and • be before the beginning of their actual use/operation approved (and where needed certified) by either competent authorities or independent professionals not involved in their design and construction.

	Where potential impacts on public health arise, the supported actions shall be required to: • use qualified health and safety experts to assess the risks to, and potential impacts on, the safety of affected communities during the project design, construction, operation, and decommissioning, • adopt preventive measures and plans to address any identified risks in a manner commensurate with their potential impacts based on good practices and standards used by the international organizations working in the region, • prepare, implement, and monitor emergency preparedness plans in collaboration with stakeholders and relevant authorities, where relevant, and require periodic safety inspections and monitoring, and report to UNDP should any issue be found.
Physical and Cultural Heritage *UNDP SES Standard 4 Cultural Heritage*	The supported actions shall be screened for risks related to cultural heritage. They will be required to: • comply with the local requirements for their protection and preservation and fully respect the requirements of the World Heritage Convention (if they might affect the World Heritage sites). • Where moderate risks arise, consult the relevant authorities and explore all viable and feasible alternatives for the reduction of these risks (including changes in the planned activities, in situ conservation and rehabilitation, etc.) to avoid, minimize, or offset such risks. • Ensure that it does not lead to the destruction of unknown cultural heritage and follow national requirements and/or globally recognized good practices for field study, inventorying, and documentation of archaeological heritage.
Lands and Soil Conservation *UNDP SES Standard 1 Biodiversity Conservation and Sustainable Natural Resource Management*	The supported actions shall be required to: • avoid conversion of productive lands or lands that provide valuable ecosystem services • avoid, and where avoidance is not possible, minimize adverse impacts on soils, their biodiversity, organic content, productivity, structure, and water-retention capacity • adopt appropriate measures to ensure that the supported activities promote soil conservation support. They will also be used as a reference during the review process of the project application.

6 PROCEDURES FOR ADDRESSING THE EXPECTED SOCIAL AND ENVIRONMENTAL RISKS

6.1 PROGRAM'S SOCIAL AND ENVIRONMENTAL RISK RATING

As established above, the project has been screened against UNDP's Social and Environmental Standards utilizing the UNDP Social and Environmental Screening Procedure and it was deemed to be a Moderate Risk project. The next section ensures that project activities once fully defined will be further screened and appropriate management measures are adopted for any potentially significant social and environmental risks.

6.2 FURTHER SCREENING AND ASSESSMENT REQUIREMENTS DURING THE PROJECTS IMPLEMENTATION

Steps during screening and implementation:

Screening and Categorization Process for Unidentified Sub-Projects (USPs)

Once a grant proposal is submitted, UNDP as Implementing and Executing Entity will apply the following steps:

Initial Eligibility Screening: Submissions are reviewed against AFCIA 2 eligibility criteria, including thematic relevance, innovation potential, and compliance with the Adaptation Fund's policies on safeguards and gender.

Environmental and Social Screening (SESP): Each USP will undergo a structured SESP screening to identify potential environmental and social risks. The results will assign the USP a risk category (low/moderate/substantial/high) as per UNDP standards.

Determination of Required Safeguard Instruments: Grantees will be required to prepare simplified specific instruments (e.g., ESMP, Gender Action Plan, Stakeholder Engagement Plan). Depending on the categorization, they may be required to develop more detailed and targeted risk mitigation frameworks, ESMPs, and GAPs, with technical support from the PMU and safeguard experts.

Review and Approval: The PMU reviews all safeguard instruments for quality and compliance before approving the USP. In alignment with project eligibility Higher-risk sub-projects are not accepted, upper moderate (i.e., Moderate risk with heightened impact likelihood, sensitivity, or mitigation complexity) will undergo an additional peer review and clearance by UNDP safeguard specialist prior to approval All reviews and clearances, including any conditions precedent or post-approval actions, will be documented.

Governance considerations:

A simplified PCAT assessment (a basic due diligence tool in UNDP) is conducted to determine whether the Projects/partners meet the "Pre-Requisites for Partnering with UNDP", such as not being on UN Sanctions, UNDP Vendor Sanctions or UN Global Marketplace Ineligibility Lists.

Likewise, activities above a Moderate potential risk are not permitted due to the overall classification of this initiative, those are Substantial and High-risk activities. A subsequent list of non-permitted activities complements the screening process of projects (See Annex 1).

Categorization is established based on a "pass" or "fail" approach based on whether the grantee successfully submitted all the pertinent information required at the screening stage to be considered towards the final selection of the grantees.

While specific grantee-led activities cannot yet be defined, UNDP will ensure that stakeholder input shapes the overarching implementation approach and risk identification processes at the grantee level. Once

grantees are selected and specific interventions are identified through the open call process, more detailed, locally grounded stakeholder consultations will be conducted. -Final screening is also to be conducted with Country Office in collaboration with partner networks for the final grantees. At that stage, each grantee, in collaboration with UNDP, will also develop and disclose detailed risk assessments and management instruments—including Gender Action Plans, Stakeholder Engagement Plans, and Environmental and Social Management Plans—supported by the PMU's Gender and Safeguards Specialist as part of project support and quality assurance.

Environmental and Social considerations:

The selection process of the supported activities will involve targeted screening which will combine the relevant UNDP Social and Environmental Screening criteria and the Adaptation Fund Environmental and Social Principles. The backbone of this screening system is presented below and a deeper evaluation is conducted later ensuring the collaboration of the grantees:

Table -4 Social and Environmental Risks Screening template for the selection of the supported activities

Social and Environmental Risks Screening	Y/N	Measures to be taken to avoid, minimize or offset these risks
Compliance with the Law:		
Is there a risk that the project would not comply with all applicable domestic and international law?		
Access and Equity:		
Is there a risk that the project would not provide fair and equitable access to benefits in a manner that is inclusive and does not impede access to basic health services, clean water and sanitation, energy, education, housing, safe and decent working conditions, and land rights?		
Is there a risk that the project would exacerbate existing inequities, particularly concerning marginalized or vulnerable groups?		
Marginalized and Vulnerable Groups:		
Is there a risk that the project would impose any disproportionate adverse impacts on marginalized and vulnerable groups, including children, women and girls, the elderly, indigenous people, tribal groups, displaced people, refugees, people living with disabilities, and people living with HIV/AIDS.		
Human Rights:		
Is there a risk that the project would not respect and, where applicable, promote international human rights?		
Gender Equality and Women's Empowerment:		
Is there a risk that the project would not be designed and implemented in such a way that both women and men (a) have equal opportunities to participate; (b) receive comparable social and economic benefits; and (c) do not		

suffer disproportionate adverse effects during the development process.		
Core Labour Rights:		
Is there is risk that the project would not meet the core labour standards as identified by the International Labor Organization?		
Indigenous Peoples:		
Is there a risk that the project would be inconsistent with the rights and responsibilities set forth in the UN Declaration on the Rights of Indigenous Peoples and other applicable international instruments relating to indigenous peoples?		
Involuntary Resettlement:		
Is there a risk that the project would not be designed and implemented in a way that avoids or minimizes the need for involuntary resettlement.		
When limited involuntary resettlement would be unavoidable, is there a risk that due process should be observed so that displaced persons shall be informed of their rights, consulted on their options, and offered technically, economically, and socially feasible resettlement alternatives or fair and adequate compensation?		
Protection of Natural Habitats:		
Is there a risk that the project would involve unjustified conversion or degradation of critical natural habitats, including those that are (a) legally protected; (b) officially proposed for protection; (c) recognized by authoritative sources for their high conservation value, including as critical habitat; or (d) recognized as protected by traditional or indigenous local communities?		
Conservation of Biological Diversity:		
Is there a risk that the project would cause any significant or unjustified reduction or loss of biological diversity or the introduction of known invasive species?		
Climate Change:		
Is there a risk that the project would result in any significant or unjustified increase in greenhouse gas emissions or other drivers of climate change?		
Pollution Prevention and Resource Efficiency:		
Is there a risk that the project would not be designed and implemented in a way that meets applicable international standards for maximizing energy efficiency and		

minimizing material resource use, the production of wastes, and the release of pollutants?		
Public Health:		
Is there a risk that the project would not be designed and implemented in a way that avoids potentially significant negative impacts on public health?		
Physical and Cultural Heritage:		
Is there a risk that the project would not be designed and implemented in a way that avoids the alteration, damage, or removal of any physical cultural resources, cultural sites, and sites with unique natural values recognized as such at the community, national, or international level?		
Is there a risk that the project would permanently interfere with existing access and use of such physical and cultural resources?		
Lands and Soil Conservation:		
Is there a risk that the project would not promote soil conservation and avoid degradation or conversion of productive lands or land that provides valuable ecosystem services?		

Where the screening of the fully defined projects activities identifies potential social and environmental risks that could be categorized as Substantial or High Risk as per UNDP's Social and Environmental Screening Procedure, these activities will be either redesigned to eliminate and/or minimize such risks or excluded from further consideration.

6.3 ENVIRONMENTAL AND SOCIAL MANAGEMENT GUIDELINES FOR THE SUPPORTED PROJECTS

This ESMF shall be supplemented with more detailed guidelines that will recap the core obligations, role and responsibilities for sound screening, assessment and management of the social and environmental risks covered by UNDP's Social and Environmental Standards for all roles engaged in the project, including project applicants and reviewers of the applications. The guidelines will be provided to the project staff and applicants for the project support and will stipulate the following basic obligations:

Compliance with the Law: All project-supported activities shall be required to fully comply with all applicable national law.

Access and Equity: The project shall be required to be designed to provide fair and equitable access to benefits in a manner that is inclusive for potentially affected populations, including marginalized individuals and persons with disabilities, and not exacerbate existing inequities, particularly with respect to marginalised or vulnerable people who live in extreme poverty or face disadvantage(s) that limit their choices and opportunities relative to others in society.

Marginalized and Vulnerable Groups: The project activities shall be required not to exacerbate existing inequities, particularly with respect to marginalized or vulnerable groups. Where risks of potential risks to access and equity arise, the supported actions shall be required to:

- identify potential impact of the proposed activities on the potentially affected individuals and groups, including those who have lesser access to its benefits and/or marginalised or vulnerable groups,
- Identify practical measures that avoid, reduce or offset such adverse impacts, and
- uphold the principles of accountability, inclusion, non-discrimination, and participation and increase the inclusion of potentially affected groups in decision-making processes that may impact them (consistent with the non-discrimination and equality human rights principle).

Human Rights: Where the risks of Human Rights violation would rise, the project shall duly consider any such risks and assist the applicants in adequately addressing them based on standards set in international law or national law (whichever is higher).

Gender Equality and Women's Empowerment: The project activities shall be required to be at least a Gender Marker 2, which means gender-responsive and not reinforce gender-based discrimination and/or inequalities. The supported actions will be expected to promote a meaningful and equitable participation of both women and men in decision-making about the supported activities, allow both genders obtain comparable social and economic benefits from the proposed actions, and support women to easily access them. The project will (where relevant) promote women-led initiatives.

Core Labour Rights: The supported organisations will be required to provide their workers with labour and working conditions that meet the national labour laws, including the following core labor-related requirements stipulated in the relevant key ILO conventions:

- Provide project workers with clear and understandable information on terms and conditions of their employment (e.g. payment in a timely manner, written notice of termination, and payment of all wages and benefits on termination, etc.).
- Prevent and address violence, harassment, intimidation, or exploitation, including any form of gender-based violence.
- Ensure that workers engaged have appropriate health and social insurance.
- Exclude unsafe working practices and implement relevant occupational health and safety measures, such as:
- Provide workers with introductory job- focused safety trainings before starting work; training event is properly registered in the instructions' book.
- Ensure that workers' protective equipment based on the local requirements and international good practice (e.g. hardhats, masks, safety glasses, harnesses, safety boots, etc.)
- Make the first aid kits available on site and fire-extinguisher easily accessible in all sections of the site.
- Introduce appropriate signposting of the sites will inform workers of key rules and regulations to follow.
- Record and report health & safety incidents to UNDP.

Indigenous Peoples: the activities will be screened for potential risks to Indigenous Peoples. Where such risks are identified, the following measures shall be applied:

- Undertake meaningful, inclusive, and culturally appropriate consultations with Indigenous Peoples, consistent with the principle of Free, Prior, and Informed Consent (FPIC), to ensure their effective participation in project design and implementation.

- Identify and assess potential impacts on Indigenous Peoples' rights, lands, resources, cultural heritage, and traditional livelihoods.

- Avoid adverse impacts where possible. Where avoidance is not possible, minimize, mitigate, or compensate for such impacts in a manner agreed upon with affected Indigenous Peoples.

- Ensure Indigenous Peoples share equitably in project benefits, respecting their rights, dignity, and cultural identity.

- Support Indigenous Peoples in strengthening their adaptive capacities and traditional knowledge systems relevant to climate resilience.

Involuntary Resettlement: Generally, the project shall promote voluntary and legally recorded market land-use right transactions in which the seller is fully informed about available choices and has the genuine right to retain the land and refuse to sell it (e.g. the transaction does not rest on the threat of compulsory acquisition). Where potential displacement risks would arise, the actions seeking project support shall be required to conduct a dedicated due diligence of any displacement activities before they take place to:

Identify and assess any potential physical and economic displacement risks

- Prohibit any forced evictions.
- Include measures for avoiding, or, when avoidance is not possible, minimizing any potential displacement risks and their adverse social and economic impacts.
- Consult the potentially affected stakeholders (with specific attention to poor and marginalised groups) on the proposed measures and opportunities for improving their living standards and the overall socioeconomic status through the project interventions.

Protection of Natural Habitats: The supported actions shall be required to:

- as far as possible, conduct the proposed activities in areas where natural habitats have already been converted to other land uses or that have low value for biodiversity and ecosystem services, and low sensitivity to the anticipated impacts,
- keep interventions in natural and semi-natural habitats to minimum in order not to disturb the existing flora and fauna, degrade the habitat and resident species populations
- where possible avoid interventions that would reduce ecological connectivity in the ecosystem (e.g. restricting the free movement of species between important habitats) or changes in the important ecosystem processes (e.g. hydrological regimes and nutrient flows) that support ecosystems and their services.
- assess and manage the impacts of proposed interventions on critical, natural and modified habitats and their ecosystem services in accordance with the UNDP SES 1 requirements,
- use cost-effective opportunities to enhance the existing habitats and ecosystem services as part of the proposed interventions.

Conservation of Biological Diversity: The supported actions shall be required to consider the presence of any endangered species and any potentially significant adverse impacts on their habitats, breeding grounds, free movement, and migration needs and will be optimised to ensure that they:

- do not cause any reduction of any recognized Vulnerable, Endangered, or Critically Endangered species,
- avoid adverse impacts on endemic species, restricted-range species, and migratory species, and
- minimize unwarranted impacts on resident species populations.

They shall also be required to:

- not introduce species known to be invasive into new environments,
- promote the use of native species or more resilient varieties of native species as a priority, and
- use any potentially suitable alien species (e.g. climate resilient crop seed varieties) only if they were duly approved as posing no risks of potential invasive behaviour by the relevant authorities.

Climate Change: The supported actions shall be screened for any potential project-related increases in emissions that may exacerbate climate change, such as GHG emissions and black carbon emissions.

Where any such risks would arise (e.g. the use of cooling systems), the action shall be asked to consider and adopt technically and financially feasible alternatives for reducing proposal-related greenhouse gas emissions. Such options may include, but are not limited to:

- alternative project locations,
- adoption of renewable or low-carbon energy sources, or energy efficiency measures
- use of low-global-warming-potential coolants for air-conditioning and refrigeration,
- promote climate-smart agricultural, forestry, and livestock management practices, and ecosystem-based adaptation and mitigation measures (including potential integration of carbon sinks).

Pollution Prevention and Resource Efficiency: The supported actions shall be required to avoid, minimize, and mitigate environmental and related public health risks associated with the potential release of pollutants in routine and non-routine circumstances in accordance with the national law and international best practices used in the region.

Where the risks of pollution release would arise, the project will:

- require operators to conduct orientation training addressing relevant environmental and occupational health and safety issues prior commencement of the relevant operations,
- conduct regular surveillance is conducted to avoid leaks, spills, incidents or accidents occurring during the use of equipment and during storage,
- monitor, manage and remediate any chemical oil leaks or spills, and incidents/accidents occurring during the use of equipment and their effects, and undertake all necessary immediate actions to ensure they do not adversely affect water bodies/sources.

Where the risks of inadequate waste management would arise, the supported actions shall be required to:

- reduce the generation of any generated waste
- separate waste at the source (where possible)
- reuse waste in a manner that is safe for human health and the environment.
- transport all waste that cannot be reused to an appropriate waste recovery-or-treatment facility that appropriately controls its emissions and residues in accordance with the national law and international best practices used in the region.

Public Health: All project-supported constructions will be designed, implemented, and operated in accordance with the national law and will also respect the following UNDP requirements for construction process management:

- have design and management plans which were: i) prepared by suitably qualified and experienced professionals who are certified for such design process, and ii) cleared by the competent authorities for construction process management. Low-risk designs will require at least a peer-review by qualified professionals.
- be constructed and operated by the experienced contractor(s) having relevant certifications and permits for the relevant works,
- implement preventive/protective measures to avoid/minimize the relevant health and safety risks for the construction workers and the surrounding communities based on the national law and international good practice, and
- be before the beginning of their actual use/operation approved (and where needed certified) by either competent authorities or independent professionals not involved in their design and construction.

Where potential impacts on public health arise, the supported actions shall be required to:

- use qualified health and safety experts to assess the risks to, and potential impacts on, the safety of affected communities during the project design, construction, operation, and decommissioning,

- adopt preventive measures and plans to address any identified risks in a manner commensurate with their potential impacts based on good practices and standards used by the international organizations working in the region,
- prepare, implement, and monitor emergency preparedness plans in collaboration with stakeholders and relevant authorities, where relevant, and
- require periodic safety inspections and monitoring, and report to UNDP should any issue be found.

Physical and Cultural Heritage: The supported actions shall be required to:

- comply with the local requirements for their protection and preservation, and fully respect the requirements of the World Heritage Convention (if they might affect the World Heritage sites).
- consult the relevant authorities where potentially significant risks would arise and engage qualified professionals for cultural heritage preservation to explore all viable and feasible alternatives for the avoidance, minimisation, or offsetting these risks (including changes in the planned activities, in situ conservation and rehabilitation, etc.)
- ensure that they do not lead to the destruction of unknown cultural heritage (chance finds) and follow national requirements and/or globally recognized good practices for field study, inventorying, and documentation of archaeological heritage.

Lands and Soil Conservation: The supported actions shall be required to:

- avoid conversion of productive lands or lands that provide valuable ecosystem services
- avoid, and where avoidance is not possible, minimize adverse impacts on soils, their biodiversity, organic content, productivity, structure, and water-retention capacity
- adopt appropriate measures to ensure that the supported activities promote soil conservation

Site-Specific Safeguard Measures:

Once grantees are selected, and as part of the Onboarding Learning Sprint, guidance on environmental and social safeguards will be provided to support integration of simplified safeguard and gender actions into implementation plans and budgets. Using project-developed templates, grantees will prepare required instruments proportionate to the scale and nature of their interventions. The PMU's Gender and Safeguards Specialist will review these instruments and, where necessary, trigger targeted screenings and community-level consultations. Safeguard considerations will also be incorporated into national coordinators' visits. For activities on the higher end of the Moderate risk category, grantees may be required to develop detailed instruments such as Environmental and Social Management Plans (ESMPs), Stakeholder Engagement Plans (SEPs), Gender Action Plans (GAPs), and risk mitigation frameworks. This phased approach ensures compliance with UNDP SES and Adaptation Fund policies and provides transparency throughout the project lifecycle.

The environmental and social standards guidelines will be translated and customised for broad dissemination to the project applicants to guide the development/submissions of the activities that will seek the project support. They will also be used as a reference during the review process of the project application.

7 IMPLEMENTATION AND OPERATION

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 Project, 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 Program Management Unit (PMU) will be established as the central coordination and technical support centre, and will strictly follow UNDP's Project and Operations Policies. The PMU will be based in UNDP's Office in Bonn (Germany), to optimise cost-efficiency, facilitate engagement with stakeholders—including grantees and local partners—and support streamlined delivery across geographies. This section below gives a clear definition of roles and responsibilities of Project staff and associated agencies in implementation of Project activities and application of social and environmental procedures (e.g. screening, assessment, preparation of management plans, monitoring). It assesses the particular institutional needs within the implementation framework for application of the ESMF. Where necessary, capacity building and technical assistance activities are included to enable implementing agencies and involved institutions and stakeholders to implement the ESMF, including preparation, implementation and monitoring of specific social and environmental management plans/measures. The PMU will include a parttime Social and Environmental Safeguards (SES) Expert responsible for ensuring compliance with UNDP's Social and Environmental Standards and the Adaptation Fund's Environmental and Social Policy. This expert will guide the screening of all Unidentified SubProjects (USPs), review risk categorizations, and provide technical support for the preparation and quality assurance of simplified Environmental and Social Management Plans (ESMPs), Gender Action Plans (GAPs), and Stakeholder Engagement Plans (SEPs). The SES Expert will also deliver safeguard training during the Onboarding Learning Sprint and provide ongoing advisory support throughout implementation.

7.1 PROJECT MANAGEMENT AND OVERSIGHT ARRANGEMENTS

UNDP will serve as the Implementing Entity (IE) for AFCIA 2 bearing responsibility for the oversight of the project in full compliance with the AF and UNDP policies, regulations and procedures. UNDP shall ensure compliance with fiduciary, procurement, legal, gender, and safeguard standards throughout the project cycle, and will serve as the project assurance function within the project governance structure.

UNDP shall also serve as the Executing Entity (EE) for this project, drawing upon the expertise and operational reach of global and regional teams, including UNDP´s Local Action Team, UNDP Innovation Facility, SDG Finance Hub, 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, identify synergies and facilitate integration with existing adaptation, innovation and finance ecosystems. Building upon UNDP' s existing networks, the project will be structured to promote cross coordination across grantees, engagement with key stakeholders in country, to help foster knowledge sharing, peer learning, and the transfer of innovative practices across regions.

Set up of the Global Project Management Unit (PMU):

As part of this project, UNDP shall establish a Global Project Management Unit (PMU) (please refer to the organigram below) to serve as the central coordination and support hub that will directly execute the project

using a global Direct Implementation Modality (DIM). The PMU will be in charge of project implementation, ensuring project coherence and providing comprehensive management support. The PMU will be based in UNDP's Office in Bonn (Germany) with key managerial and operational positions, to optimize cost-efficiency, facilitate engagement with stakeholders and support streamlined delivery across geographies. The PMU will be integrated by a Project Manager, a Finance and Operations Analyst, a Procurement Analyst, and a Project Associate as the core operational personnel to be placed in BRH.

The responsibility of the PMU with regards to the safeguards is the following:

- Risks escalated by the PMU transfer ownership of this risk for treatment to the UNDP Program Board.
- When reviewing each grantee´s proposal, it will ensure risks identified in the social and environmental screening are realistic and credible and evidence based, with identified management measures, and that these are fully integrated in the grantee´s agreement prior to signature. The PMU will provide a SES clearance for each grantee before signature with support of its SES AFCIA Expert. SES oversight will be at the program/portfolio level.

Figure 1. Project organisational structure
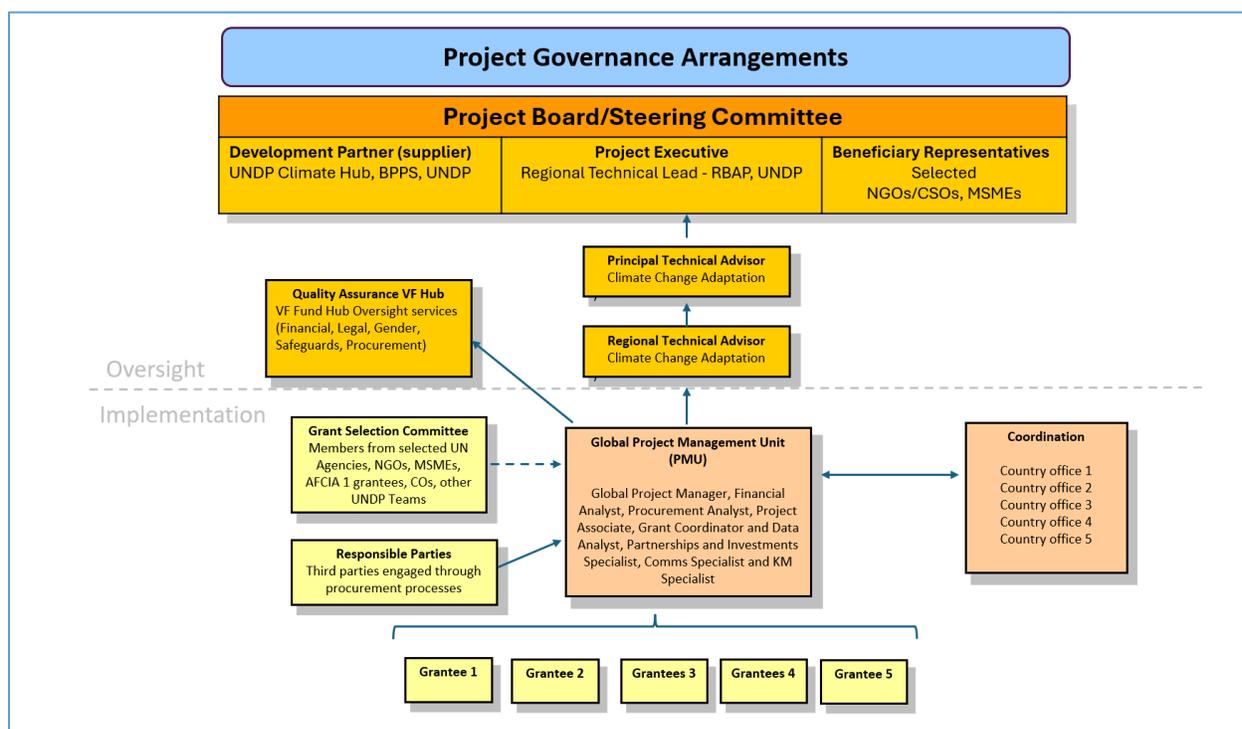
Set up of the Technical Support Arrangements:

To deliver the three core outcomes of AFCIA 2, the project will establish a specialized technical support structure combining in-house expertise and remote professionals for cost efficiency. Key roles include specialists in investment and partnership development, grant coordination and data analysis, learning and knowledge management, communications, business development, and safeguards and gender. This hybrid model—tested successfully under AFCIA 1—ensures high-quality technical assistance while minimizing overhead costs. Experts will directly contribute to Outcome 1 by strengthening systems for sourcing and supporting high-potential innovations; to Outcome 2 by enabling investment readiness and fostering strategic partnerships; and to Outcome 3 by capturing and disseminating lessons to inform replication and policy integration.

Safeguard compliance is embedded throughout this structure. The PMU will maintain a central registry of all approved sub-projects, documenting screening results, risk categorizations, and required instruments. A dedicated Gender and Safeguard Expert will guide grantees in preparing Environmental and Social Management Plans (ESMPs) and Gender Action Plans (GAPs), supported by standardized templates and review procedures under the ESMF and SESP. All grantees will participate in an Onboarding Learning Sprint covering monitoring and reporting, gender-responsive approaches, and business fundamentals. This process establishes core operational disciplines—such as clear outcomes models and systematic data capture—while reinforcing accountability and readiness for scale.

Institutional Arrangements for SES Implementation and Oversight:

The project's safeguards implementation is anchored in a clear division of responsibilities that ensures compliance with UNDP's Social and Environmental Standards (SES) while remaining proportionate to risk and responsive to grantee contexts. The PMU leads day-to-day SES delivery, including the screening and risk classification of sub-projects, the preparation and quality assurance of safeguard instruments and the coordination of consultations, disclosure, and periodic reporting. In cases where sub-projects sit at the upper end of the Moderate risk category, the PMU convenes independent peer review and seeks formal clearance from a UNDP Safeguard Specialist, thereby adding an extra layer of assurance for risk-proportionate oversight.

The SES budget covers the full set of activities required to meet SES and ESMF obligations. Budget lines for SES activities are tracked within the project workplan and financial system under dedicated safeguards entries, with clear segregation between implementation expenditures and oversight costs.

Detailed Governance Arrangements, Roles and Responsibilities

Executing Entity (EE):

UNDP serves as the Executing Entity (EE) for AFCIA 2 and is responsible for the overall execution and day-to-day management of the project through the Project Management Unit (PMU). The PMU ensures project coherence, prepares and implements work plans and budgets, manages disbursements, oversees procurement of goods and services, and handles recruitment of personnel. It also monitors progress against approved plans, manages risks—including social and environmental safeguards—and ensures compliance with UNDP and Adaptation Fund standards. The PMU is accountable for financial integrity, quarterly reporting, and maintaining alignment with donor requirements, while also implementing the communication and visibility strategy.

Specific PMU functions include planning and supervising activities, managing low-value grants, monitoring events under the project monitoring plan, and supporting audits and assessments. It prepares inception and annual reports, revises multi-year work plans as needed, and ensures timely submission of financial and progress reports. The PMU also facilitates evaluations, coordinates field visits, and captures lessons learned to inform adaptive management. By maintaining rigorous oversight of operational, financial, and safeguard processes, the PMU guarantees that project implementation remains efficient, transparent, and aligned with strategic objectives.

Implementing Entity (IE):

UNDP acts as the Implementing Entity (IE) for AFCIA 2, ensuring oversight, compliance, and alignment with Adaptation Fund requirements throughout the project lifecycle. Its responsibilities span upstream engagement—such as policy dialogue, eligibility verification, and technical screening of proposals—through to project preparation, execution oversight, and reporting. The IE provides guidance on converting concepts into feasible projects, sources technical expertise, validates partner capacities, and ensures that all activities meet technical, financial, social, and environmental standards. It also manages clearances with the Adaptation Fund, responds to information requests, and supports troubleshooting during implementation.

Beyond design and approval, the IE monitors progress, validates technical soundness, and ensures fiduciary integrity. This includes allocating and tracking annual spending limits, reporting to the Adaptation Fund, and returning any unspent funds. UNDP oversees evaluations—preparing TORs, engaging independent evaluators for mid-term and terminal reviews, and verifying the quality and compliance of all reports. Through continuous technical backstopping, quality assurance, and adaptive management, the IE guarantees that AFCIA 2 delivers results efficiently, transparently, and in full compliance with Adaptation Fund and UNDP standards.

Project Board:

The Project Board serves as the governing body of AFCIA 2, providing overall strategic direction and ensuring that activities remain aligned with agreed objectives and standards. It is responsible for steering the project toward expected results, taking corrective action when necessary, and upholding principles of fairness, transparency, integrity, and best value for money. Decisions are made in accordance with UNDP's accountability framework and Adaptation Fund requirements. If consensus cannot be reached, UNDP senior management or its delegate will mediate and, if needed, take the final decision to prevent delays in implementation.

Key responsibilities of the Project Board include approving governance arrangements and standard operating procedures, guiding the project within defined parameters, and addressing issues raised by the Project Manager. The Board reviews progress, appraises annual work plans and implementation reports, and arbitrates resource commitments. It also approves major deliverables such as the Inception Report, Mid-Term and Terminal Evaluations, and ensures coordination with government agencies. Additionally, the Board addresses escalated grievances, advises on amendments, and conducts an end-of-project review to capture lessons learned and identify opportunities for scaling successful approaches.

Grant Selection Committee:

The Grant Selection Committee will comprise 5 to 7 technical experts nominated by the Project Board based on their specialized expertise. This committee plays a critical role in the grant award process, working alongside the PMU to review longlisted applications, finalize shortlists, and recommend grantees for approval by the Project Board. It also advises on the design of grant selection criteria and provides technical guidance throughout the selection process to ensure transparency, fairness, and alignment with project objectives. Members will meet virtually after each funding window opens and operate under strict conflict-of-interest rules, prohibiting participation by individuals or entities that may apply for grants or provide technical assistance in the same window.

Beyond selection, the committee supports grantees during implementation by offering strategic advice on acceleration plans and technical areas such as business development, climate risk planning, safeguards, and gender mainstreaming. These advisory functions are delivered in collaboration with the PMU and tailored to grantee needs. Performance of grantees will be tracked by the PMU, with updates shared with the committee for any required actions. Through this dual role—selection and technical guidance—the committee ensures that high-potential innovations receive not only funding but also the expertise needed to scale effectively and deliver measurable adaptation impact.

UNDP and UNDP Country Offices and Bureaus:

The Project shall actively engage the UNDP Regional Bureaus and the UNDP Country Offices at multiple stages of the project to leverage localised expertise, networks and contextual knowledge throughout the project life cycle. This collaboration will enhance the project's local relevance and ensure that grantee support is responsive to local contexts. During the initial stages of the project, the PMU shall involve the UNDP Regional Bureaus and the UNDP Country Offices in the grantee selection phase. This process will involve mapping proposed solutions to national objectives.

Beyond selection, the UNDP Regional Bureaus and the UNDP Country Offices shall be involved in compliance monitoring and oversight of grantee activities. Further, to help strengthen technical capacity and local relevance, Country Offices will play a key role in facilitating connections with local innovation ecosystems through local networks (internal and external to UNDP). To facilitate these activities, the project will allocate funds to UNDP Country Offices where grantees are located, to support with specific follow up (in situ), verify safeguard and gender related matters in situ, help identify national scaling pathways, as well as learning and showcasing opportunities for the AFCIA 2 grantees operating in their countries.

7.2 Capacity Building and Training

Delivery organisations (e.g. contractors, NGOs, MSMEs) have the responsibility for ensuring systems are in place so that relevant employees, contractors and other workers are aware of the environmental and social requirements for Project implementation that have been agreed during the review of the Project applications.

7.3 Grievance Redress Mechanism

During the design, construction and implementation of any Project, a person or group of people may perceive or experience potential harm, directly or indirectly due to the project activities. The grievances that may arise can be related to social issues such as eligibility criteria and entitlements, disruption of services, temporary or permanent loss of livelihoods and other social and cultural issues. Grievances may also be related to environmental issues such as excessive dust generation, damages to infrastructure due to construction related vibrations or transportation of raw material, noise, traffic congestions, decrease in quality or quantity of private/ public surface/ ground water resources during irrigation rehabilitation, damage to home gardens and agricultural lands, etc.

Should such a situation arise, there must be a mechanism through which affected parties can resolve such issues in a cordial manner with the Program/Project personnel in an efficient, unbiased, transparent, timely and cost-effective manner. The Project GRM will serve as an escalation channel for unresolved grievances or cases requiring impartial review. To achieve this objective, a Grievance Redress Mechanism has been included in the ESMF for this Project.

The Grievance Redress Mechanism has been designed to:

- be a legitimate process that allows for trust to be built between stakeholder groups and assures stakeholders that their concerns will be assessed in a fair and transparent manner;
- allow simple and streamlined access to the Grievance Redress Mechanism for all stakeholders and provide adequate assistance for those that may have faced barriers in the past to be able to raise their concerns;
- provide clear and known procedures for each stage of the Grievance Redress Mechanism process, and provides clarity on the types of outcomes available to individuals and groups;
- ensure equitable treatment to all concerned and aggrieved individuals and groups through a consistent, formal approach that, is fair, informed and respectful to a concern, complaints and/or grievances;
- to provide a transparent approach, by keeping any aggrieved individual/group informed of the progress of their complaint, the information that was used when assessing their complaint and information about the mechanisms that will be used to address it; and
- enable continuous learning and improvements to the Grievance Redress Mechanism. Through continued assessment, the learnings may reduce potential complaints and grievances.

The GRM will be gender- and age-inclusive and responsive and address potential access barriers to women, the elderly, the disabled, youth and other potentially marginalized groups as appropriate to the Project. The GRM will not impede access to judicial or administrative remedies as may be relevant or applicable and will be readily accessible to all stakeholders at no cost and without retribution.

Information about the Grievance Redress Mechanism and how to make a complaint and/or grievance must be communicated during the stakeholder engagement process and placed at prominent places for the information of the key stakeholders.

7.3.1 UNDP SRM and SECU

In addition to the Project-level and national grievance redress mechanisms, complainants have the option to access UNDP's Accountability Mechanism, with both compliance and grievance functions. The Social and Environmental Compliance Unit investigates allegations that UNDP's Standards, screening procedure or other UNDP social and environmental commitments are not being implemented adequately, and that harm may result to people or the environment. The Social and Environmental Compliance Unit is housed

in the Office of Audit and Investigations, and managed by a Lead Compliance Officer. A compliance review is available to any community or individual with concerns about the impacts of a UNDP Project or project. The Social and Environmental Compliance Unit is mandated to independently and impartially investigate valid requests from locally impacted people, and to report its findings and recommendations publicly.

The Stakeholder Response Mechanism offers locally affected people an opportunity to work with other stakeholders to resolve concerns, complaints and/or grievances about the social and environmental impacts of a UNDP project. Stakeholder Response Mechanism is intended to supplement the proactive stakeholder engagement that is required of UNDP and its Implementing Partners throughout the Project cycle. Communities and individuals may request a Stakeholder Response Mechanism process when they have used standard channels for project management and quality assurance, and are not satisfied with the response (in this case the project level grievance redress mechanism). When a valid Stakeholder Response Mechanism request is submitted, UNDP focal points at country, regional and headquarters levels will work with concerned stakeholders and Implementing Partners to address and resolve the concerns. Visit **www.undp.org/secu-srm** for more details. The relevant form is attached at the end of the ESMF.

8 BUDGET FOR ESMF IMPLEMENTATION

At the Project level, the appropriate indicative budget is allocated to ensure effective implementation of the ESMF by grantees and to support UNDP governance functions. This budget assumes that a Gender and Safeguards Specialist within the PMU will cover both gender and social/environmental safeguards, providing integrated support. The estimate is based on a cohort of approximately 27 grantees; if the number of grantees increases, the budget will be scaled proportionally to maintain adequate capacity for screening, preparation of management plans, monitoring, and compliance with environmental and social safeguards and gender requirements.

#	Item to be budgeted for the design, implementation, monitoring and evaluation of this ESMF	Dedication
1	Update the ESMF and related materials (i.e. trainings), to ensure the standardized management.	2 days
2	Support the preparation and coordination of project-field visits and safeguard spot checks, as necessary.	3 days per grantee
3	Address comments and act as a point of contact for donors, partners and beneficiaries.	2 days
4	Support the PMU in the grant selection process, providing considerations and revisions from the safeguards perspective.	0.25 day per grantee
5	Screen Project grantees' proposal to identify potential safeguards risks.	1 day per grantee
6	Develop training materials at the Project level and at the grantee level.	4 days
7	Conduct training workshops and/or meetings (global and/or regional) for Project grantees, including preparatory communications and post-workshop follow up with the relevant parties till full understanding on a practical way for the audience.	2 days per workshop
8	Work with each medium and grantee as needed on the ESG risks management and Grant Coordinator and Data Analyst and Reporting plan.	0.5 days per grantee
9	Review the Project´s gender action plan, the donors´ gender requirements, and other relevant documents and develop a simple procedure that serves the Project to ensure gender policy compliance. Include across the documentation and actions the gender related concepts and procedures to help cohorts to understand, manage and measure appropriately gender related approaches.	2 days
10	Include in documentation and training the gender related concepts and procedures, to help grantees understand, manage and measure appropriately gender related approaches.	2 days

The estimated cost is approximately 55,000 USD, yearly, for the design, implementation, monitoring and evaluation of the Project's ESMF. This cost mainly corresponds to the engagement of a Gender and Safeguards Specialist (same person) that will support the implementation of the ESFM and the GAAP for this project (estimated dedication of 70 days/ per year, for five years). In addition to this, there has been

approximately 400,000 USD assigned to the COs, to support with safeguard coordination and project site visits/spot checks in case is required.

The proportional costs from other members of the AFCIA PMU (e.g. the Project Manager, Grant Coordinator and Data Analyst), who provide support to the project with regards to implementation of safeguards and gender commitments are not included here, but can be identified in the Detailed Budget Annex 8.

The proportional costs other members from UNDP who provide support to the Project with regards to safeguards and gender oversight (e.g. Regional Technical Specialist, HHQQ PTA, HHQQ Safeguards Team) are not included here, but can be identified in the Detailed Budget Annex 8, tab "IE fee Breakdown".

Costs like operationalizing the GRM (drafting and distributing materials), any required translation of safeguards documents, and in general the implementation of the ESMP and GAAP per each grantee, will be budgeted under each grant agreement.

ANNEX 1: LIST OF NOT-FUNDED ACTIVITIES BY THE PROJECT

Potential adverse risks and impacts may arise from activities that are site-specific and involve physical interventions ("downstream" activities) as well as "upstream" activities involving planning, policy and/or sector reform, and capacity building.

These are activities with potential social and environmental risks and impacts on physical, biological, socioeconomic, and/or cultural resources.

Activities above a Moderate potential risk are not permitted, those are Substantial and High risk activities. They are defined as follows:

High Risk

Defined by UNDP's SES as "Projects that include activities with potential significant and/or irreversible adverse social and environmental risks and impacts, or which raise significant concerns among potentially affected communities and individuals as expressed during the stakeholder engagement process."

Substantial Risk

Defined by UNDP's SES as "Projects that include activities with potential adverse social and environmental risks and impacts that are more varied or complex than those of Moderate Risk projects but remain limited in scale and are of lesser magnitude than those of High Risk projects (e.g. reversible, predictable, smaller footprint, less risk of cumulative impacts). Substantial Risk projects may also include those with a varied range of risks rated as "Moderate" that require more extensive assessment and management measures."

Below is the indicative list of activities that may be expected to fall into these levels of risks, called High or Substantial Risk. Therefore, based on the above, the following activities/impacts are not permitted:

1) Activities with substantial or high adverse social and/or environmental impacts:
    a. To local communities or other project affected parties.
    b. Which may involve displacement and/or resettlement[13]
    c. Activities which may adversely impact the rights, lands, territories and resources of indigenous peoples
    d. Activities which may adversely impact critical habitats
    e. Activities which may result in significant adverse impacts to Cultural Heritage
    f. That violate the human rights
    g. That do not comply with relevant environmental and social national/state/local regulations.

2) Extraction and harvesting activities:
    a. Groundwater abstraction activities or artificial groundwater recharge schemes in cases where the annual volume of water to be abstracted or recharged amounts to 10 million m3 or more
    b. Industrial-scale commercial harvesting operations of tree plantations.
    c. Large-scale logging or deforestation of large areas
    d. Large-scale peat extraction
    e. Large-scale quarries and open-cast mining, and processing of metal ores or coal

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[13] Displacement and/or resettlement refers here to potential scale. projects involving physical resettlement and/or economic displacement are generally considered High Risk. However where potential displacement and/or resettlement may be minimal, UNDP may determine that its requirements could be met with application of standard best practice and mitigation measures without the need for a full ESIA.

3) Land, agriculture, livestock projects:
   a. Large-scale land reclamation or sea dredging operations
   b. Large-scale primary agriculture or forestation, reforestation, or afforestation involving intensification, land use change or conversion of natural habitats, priority biodiversity features and/or critical habitats
   c. Industrial plants for the production of pulp from timber or similar fibrous materials or production of paper and board
   d. Large-scale installations for the intensive rearing of poultry or livestock
   e. Plants for the tanning of hides and skins where the treatment capacity exceeds 12 tonnes of finished products per day

4) Large-scale infrastructure (construction and/or expansion):
   a. Construction of motorways, express roads and lines for railway traffic; airports; new roads of four or more lanes; realignment and/or widening of existing roads to provide four or more lanes of 10 kilometers or more in a continuous length
   b. Large-scale sea and river ports and also inland waterways and ports for inland-waterway traffic; trading ports, piers for loading and unloading connected to land, and outside ports (excluding ferry piers)
   c. Large dams[14] and complex dams and other impoundments designed for the holding back or permanent storage of water, including, for example, for hydroelectric projects, water supply for irrigation or municipal water supply and other purposes, and flood control.

5) Large-scale energy and fuel projects, including transmission/transport (construction and/or expansion):
   a. Crude oil refineries
   b. Thermal power stations and other combustion installations (w/ heat output of at least 300 MW)
   c. Extraction of petroleum and natural gas for commercial purposes
   d. Installations for storage of petroleum, petrochemical, or chemical products
   e. Pipelines, terminals and associated facilities for the large-scale transport of gas, oil and chemicals
   f. Construction of high-voltage overhead, underground or submarine electrical power lines
   g. Large-scale wind power installations for energy production (wind farms)
   h. Installations for the capture of CO2 streams (generally of 1.5 megatonnes or more) and construction of sites for the geological storage of CO2

6) Waste and chemicals projects:
   a. Waste-processing and disposal installations for the incineration, chemical treatment or landfill of hazardous, toxic or dangerous wastes
   b. Large-scale waste disposal installations for the incineration or chemical treatment of nonhazardous wastes (generally with capacity exceeding 100 tonnes per day)
   c. Municipal wastewater treatment plants with a capacity exceeding 150,000 population equivalent
   d. Municipal solid waste processing and disposal facilities
   e. Integrated chemical installations, i.e. those installations for the manufacture on an industrial scale of substances using chemical conversion processes, in which several units are

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[14] Large dams are defined as those with a height of 15 meters or more from the foundation. Dams that are between 5 and 15 meters high and have a reservoir of more than 3 million cubic meters are also classified as large dams. Complex dams are those of a height between 10 and 15 meters that present special design complexities, including an unusually large flood-handling requirement, location in a zone of high seismicity, foundations that are complex and difficult to prepare, or retention of toxic materials.

juxtaposed and are functionally linked to one another and which are for the production of: basic organic chemicals; basic inorganic chemicals; phosphorous, nitrogen or potassium based fertilizers (simple or compound fertilizers); basic plant health products and biocides; basic pharmaceutical products using a chemical or biological process

7) Large-scale tourism and retail development

8) Other:
   a. Any activities that do not appear on the project proposal submitted by the grantee for the project are not permitted. This is because activities listed in the project proposal developed by each grantee represent the basis for risk categorization and the applicability of this agreement.
   b. Any other activities not listed above that may be identified as High or Substantial Risks along the project when the detailed information for each project are known and assessed. This is because the final categorization of each activity depends on the nature and extent of any actual or potential adverse social and environmental impacts, as determined by the specifics of its design, operation, and location.
   c. Any activity that may not be identified as High or Substantial Risk but may join and/or support through any of its means third-party initiatives/projects that fall under High or

Total Budget and Work Plan		
Quantum Proposal or Award ID:		
Quantum Proposal or Award Title:		
Quantum Business Unit:		
Quantum Primary Output Project Title:		
UNDP-GEF PIMS No.		10376
Implementing Partner:		

Quantum Outcome (AF Component)	Quantum Output (AF Outcome)	Quantum Activity (AF Output)	Quantum Responsible Party
Component 1. Catalytic grants to implement and accelerate innovative adaptation solutions with potential to scale	Outcome 1: High potential, locally led adaptation innovations, including non for-profit entities and micro, small and medium enterprises (MSMEs), are identified and supported with catalytic finance and technical assistance, improving their readiness for scale and alignment with natio@al adaptation priorities (NAPs/NDCs).	Output 1.1: 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.	UNDP
		Total Output 1.1	
		Output 1.2: Selected innovations receive catalytic grants and tailored technical support to strengthen operational, financial, and impact readiness, with a focus on gender equality and social inclusion.	UNDP
		Total Output 1.2	
		Output 1.3: Selected high-impact adaptation innovations from AFCIA 1 receive follow-on catalytic support to scale proven models and demonstrate systemic impact.	UNDP
		Total Output 1.3	
	Total Outcome 1		
Total Component 1			

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 finance 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, thematic support on adaptation approaches, gender-responsive design, MEL systems, financial planning, and safeguard risk management.*	*UNDP*
		Total Output 2.1	
		Total Output 2.2	
	Total Outcome 2		
Total Component 2			
3. Knowledge, Learning, and Strategic MEL to drive innovation for adaptation, scaling pathways and inform government programs.	*Outcome 3: Evidence and learning from supported adaptation innovations are leveraged to inform replication/scaling pathways, policy programmes, and impact investment practices through strategic partnerships, regional platforms, and global knowledge networks, accelerating inclusive and market-oriented adaptation solutions..*	*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 peers, government partners, investors, and adaptation practitioners.*	*UNDP*
		Total Output 3.1	
		Output 3.2: Annual peer learning events, global webinars, and cross-country exchanges are organised to promote south-south and south-north collaboration, uptake of good practices, and cross-sectoral learning among innovators, governments, investors, and UNDP partners.	*UNDP*
		Total Output 3.2	
	Total Outcome 3		
Total Component 3			
Project Execution Costs	*Project Management Cost (PMC)*		*UNDP*

Total Project Management Cost (3%)			
Total Project Cost			
Implementing Entity Fee (10%)			
Total Project Grant			

Project ID:						

Quantum Fund ID	Quantum Donor ID	Quantum Budgetary Account Code	Quantum Budget Account Description	Amount Year 2026 (USD)	Amount Year 2027 (USD)	Amount Year 2028 (USD)
62040	011602	61300	Salary & Post Adj Cst-IP Staff	11,384	12,803	13,059
		71400	Contractual Services-Individuals	55,442	93,686	93,686
		72100	Contractual Services-Companies	50,000		
		73100	Rental & Maintenance-Premises	1,149	1,149	1,149
				117,975	**107,638**	**107,894**
62040	011602	61300	Salary & Post Adj Cst-IP Staff	17,514	19,697	20,091
		71200	International Consultants	26,250	52,500	52,500
		71400	Contractual Services-Individuals	85,295	144,133	144,133
		71600	Travel	0	26,250	26,250
		72600	Grants	0	700,000	700,000
		73100	Rental & Maintenance-Premises	1,767	1,767	1,767
				130,826	**944,347**	**944,741**
62040	011602	61300	Salary & Post Adj Cst-IP Staff	13,136	14,773	15,069
		71400	Contractual Services-Individuals	63,972	108,099	108,099
		72600	Grants	0	525,000	525,000
		73100	Rental & Maintenance-Premises	1,325	1,325	1,325
				78,432	**649,197**	**649,493**
				327,233	**1,701,182**	**1,702,127**
				327,233	**1,701,182**	**1,702,127**
		61300	Salary & Post Adj Cst-IP Staff	168,136	189,095	192,877

62040	011602	71200	International Consultants	0	136,500	136,500
		71400	Contractual Services-Individuals	82,833	137,024	138,067
		71600	Travel	1,419	5,905	5,676
		72100	Contractual Services-Companies	0	0	136,216
		73100	Rental & Maintenance-Premises	3,610	3,610	3,610
				255,998	**472,134**	**612,946**
		71400	Contractual Services-Individuals	63,111	104,399	105,194
		71600	Travel	1,081	4,499	4,324
		72100	Contractual Services-Companies	0	0	103,784
		73100	Rental & Maintenance-Premises	2,750	2,750	2,750
				66,942	**111,648**	**216,053**
				322,940	**583,782**	**828,999**
				322,940	**583,782**	**828,999**
62040	011602	61300	Salary & Post Adj Cst-IP Staff	72,175	81,173	82,796
		71400	Contractual Services-Individuals	68,853	130,922	131,489
		73100	Rental & Maintenance-Premises	1,857	1,857	1,857
		74200	Audio Visual&Print Prod Costs	0	14,439	14,439
				142,885	**228,391**	**230,581**
62040	011602	61300	Salary & Post Adj Cst-IP Staff	112,774	126,832	129,369
		71400	Contractual Services-Individuals	107,583	204,566	205,452
		71600	Travel	7,000	25,000	25,016
		74200	Audio Visual&Print Prod Costs	0	22,561	22,561
		74200	Translation Costs	5,000	0	0
		75700	Training, Workshops and Confer	0	130,000	0
				232,357	**508,959**	**382,398**
				375,242	**737,350**	**612,979**
				375,242	**737,350**	**612,979**
62040	011602	61300	Salary & Post Adj Cst-IP Staff	25,220	28,364	28,932
		71400	Contractual Services-Individuals	19,604	19,761	19,923
		71600	Travel	0	3,512	5,200
		72800	Information Technology Equipmt	8,000		
		73100	Rental & Maintenance-Premises	8,743	8,743	8,743
		74100	Professional Services	0	0	0

64300	Direct Project Cost-Staff	2,499	15,000	15,000
		64,067	75,380	77,797
		1,089,482	3,097,694	3,221,902
		108,948	309,769	322,190
		1,198,430	3,407,463	3,544,093

Amount Year 2029 (USD)	Amount Year 2030 (USD)	Total (USD)	Budget Note No.
13,321	13,587	64,154	1
93,686	93,686	430,186	3
		50,000	5
1,148	1,148	5,743	7
108,155	108,421	550,083	
20,493	20,903	98,699	1
52,500	52,500	236,250	2
144,133	144,133	661,825	3
26,250	26,250	105,000	4
700,000	700,000	2,800,000	6
1,767	1,767	8,833	7
945,142	945,552	3,910,608	
15,370	15,677	74,024	1
108,099	108,099	496,369	3
525,000	525,000	2,100,000	6
1,325	1,325	6,625	7
649,794	650,102	2,677,018	
1,703,092	1,704,075	7,137,709	
1,703,092	1,704,075	7,137,709	
196,735	200,669	947,512	8

0	0	273,000	9
139,127	140,201	637,252	10
5,676	5,676	24,351	11
136,216	51,081	323,514	12
3,610	3,610	18,049	13
481,363	**401,237**	**2,223,677**	
106,001	106,820	485,525	10
4,324	4,324	18,553	11
103,784	38,919	246,486	12
2,750	2,750	13,751	13
216,860	**152,814**	**764,316**	
698,222	**554,051**	**2,987,994**	
698,222	**554,051**	**2,987,994**	
84,452	86,141	406,737	14
132,065	132,652	595,981	15
1,857	1,857	9,285	17
14,439	14,439	57,756	19
232,813	**235,088**	**1,069,759**	
131,956	134,595	635,526	14
206,352	207,268	931,221	15
26,346	26,458	109,820	16
22,561	22,561	90,244	18
0	0	5,000	19
0	130,000	260,000	20
387,216	**520,882**	**2,031,812**	
620,029	**755,970**	**3,101,571**	
620,029	**755,970**	**3,101,571**	
29,510	30,100	142,127	21
20,089	20,260	99,637	22
5,200	5,200	19,112	23
		8,000	24
8,743	8,743	43,715	25
0	34,000	34,000	26

15,000	15,000	62,499	27
78,542	113,304	409,090	
3,099,885	3,127,400	13,636,364	
309,989	312,740	1,363,636	
3,409,874	3,440,140	15,000,000	

Total Budget and Work Plan			
Quantum Proposal or Award ID:		Project ID:	
Quantum Proposal or Award Title:			
Quantum Business Unit:			
Quantum Primary Output Project Title:			
UNDP-GEF PIMS No.	10376		
Implementing Partner:			

Quantum Outcome (AF Component)	Quantum Output (AF Outcome)	Quantum Responsible Party	Quantum Fund ID	Quantum Donor ID	Quantum Activity (AF Output)
Component 1. Catalytic grants to implement and accelerate innovative adaptation solutions with potential to scale	*Outcome 1: High potential, locally led adaptation innovations, including non for-profit entities and micro, small and medium enterprises (MSMEs), are identified and supported with catalytic finance and technical assistance, improving their readiness for scale and alignment with national adaptation priorities (NAPs/NDCs).*	*UNDP*	*62040*	*011602*	*Output 1.1 Output 1.2 Output 1.3*
Total Component 1					
Component 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 finance ecosystems through tailored technical assistance, business development, and strategic partnerships.*	*UNDP*	*62040*	*011602*	*Output 2.1 Output 2.2.*
Total Component 2					
Component 3. Knowledge, Learning, and Strategic MEL to drive innovation for adaptation, scaling pathways and inform government programs.	*Outcome 3: Evidence and learning from supported adaptation innovations are leveraged to influence replication, policy frameworks, and investment practices through strategic partnerships, regional platforms, and global knowledge networks, accelerating inclusive and market-oriented adaptation solutions.*	*UNDP*	*62040*	*011602*	*Output 3.1 Output 3.2*
Total Component 3					
Project Execution Costs	*Project Management Cost (PMC)*	*UNDP*	*62040*	*011602*	*Activity PMC*
Total Project Management Cost (3%)					

Total Project Cost	
Implementing Entity Fee (10%)	
Total Project Grant	

Quantum Budgetary Account Code	Quantum Budget Account Description	Amount Year 2026	Amount Year 2027	Amount Year 2028	Amount Year 2029	Amount Year 2030
61300	Salary & Post Adj Cst-IP Staff	42,034	47,274	48,219	49,184	50,167
71200	International Consultants	26,250	52,500	52,500	52,500	52,500
71400	Contractual Services-Individuals	204,709	345,918	345,918	345,918	345,918
71600	Travel		26,250	26,250	26,250	26,250
72100	Contractual Services-Companies	50,000				
72600	Grants	-	1,225,000	1,225,000	1,225,000	1,225,000
73100	Rental & Maintenance-Premises	4,240	4,240	4,240	4,240	4,240
		327,233	**1,701,182**	**1,702,127**	**1,703,092**	**1,704,075**
61300	Salary & Post Adj Cst-IP Staff	168,136	189,095	192,877	196,735	200,669
71200	International Consultants		136,500	136,500		
71400	Contractual Services-Individuals	145,944	241,423	243,262	245,128	247,021
71600	Travel	2,500	10,404	10,000	10,000	10,000
72100	Contractual Services-Companies	-		240,000	240,000	90,000
73100	Rental & Maintenance-Premises	6,360	6,360	6,360	6,360	6,360
		322,940	**583,782**	**828,999**	**698,222**	**554,051**
61300	Salary & Post Adj Cst-IP Staff	184,950	208,005	212,165	216,408	220,736
71400	Contractual Services-Individuals	176,436	335,488	336,941	338,418	339,919
71600	Travel	7,000	25,000	25,016	26,346	26,458
73100	Rental & Maintenance-Premises	1,857	1,857	1,857	1,857	1,857
74200	Audio Visual&Print Prod Costs		37,000	37,000	37,000	37,000
74200	Translation Costs	5,000				
75700	Training, Workshops and Confer		130,000			130,000
		375,242	**737,350**	**612,979**	**620,029**	**755,970**
61300	Salary & Post Adj Cst-IP Staff	25,220	28,364	28,932	29,510	30,100
71400	Contractual Services-Individuals	19,604	19,761	19,923	20,089	20,260
71600	Travel	-	3,512	5,200	5,200	5,200
72800	Information Technology Equipmt	8,000				
73100	Rental & Maintenance-Premises	8,743	8,743	8,743	8,743	8,743
74100	Professional Services	-	-	-	-	34,000
64300	Direct Project Cost-Staff	2,499	15,000	15,000	15,000	15,000
		64,067	**75,380**	**77,797**	**78,542**	**113,304**

	1,089,482	3,097,694	3,221,902	3,099,885	3,127,400
	108,948	309,769	322,190	309,989	312,740
	1,198,430	3,407,463	3,544,093	3,409,874	3,440,140

Total (USD)	Budget Note No.
236,878	1
236,250	2
1,588,381	3
105,000	4
50,000	5
4,900,000	6
21,200	7
7,137,709	
947,512	8
273,000	9
1,122,777	10
42,904	11
570,000	12
31,800	13
2,987,994	
1,042,263	14
1,527,202	15
109,820	16
9,285	17
148,000	18
5,000	19
260,000	20
3,101,571	
142,127	21
99,637	22
19,112	23
8,000	24
43,715	25
34,000	26
62,499	27
409,090	

13,636,363	
1,363,636	
15,000,000	

Budget Note No.
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Project Output (Description)
Part time, cost shared positions (2 IPSAs) to support the process of issuing grants with MSMEs, monitor the grants, provide technical assistance and carry out the overall engagement with financiers and the private sector.
10% Project Manager (P3): Core PMU staff responsible for overall management, monitoring and supervision of project implementation , overseeing timely delivery of activities and results, based in Germany (Bonn).
10% Finance and Operations Analyst (P2): Core PMU staff responsible for financial management, budgeting, and operational oversight of the project, based in Germany (Bonn).
10% Procurement Analyst (P2): PMU staff (50% time) managing procurement processes in compliance with UNDP rules and regulations, based in Germany (Bonn).
Gender and Safeguard Analyst (Consultant): Consultant support (70 days/year) to provide technical expertise to ensure gender-responsive and transformative project implementation, including integrating gender into activities, monitoring gender-specific indicators, and advising on gender related aspects. This expert will also be in charge of the implementation of the SESP Stakeholder Engagement Plan and the ESFM trhoughout the project cycle at the AFCIA 2 general level and at the grantee level.
Data Analyst and Grant Coordinator (IPSA 10): PMU staff responsible responsible to streamline the data collection process from all the grantees. Support with the design of impact indicators (to be included in LVGAs). Including track results progress in line with the Results Framework. Includes the capturing of lessons learned and the development of Learning Briefs, as per MEL budgeted plan).
Part-time cost shared positions for 21 NPSAs, to deliver local support to the PMU at the national level and liason with the Country Offices where there is an AFCIA grantee present.
Travel costs for UNDP Country Office staff to support local coordination, validation of grantee activities, and gender /safeguard monitoring at the country level.
External contract (RPA) or in house contract to develop an AI tool to assist with the the selection process (longlisting)
Grants for NGOs and CSOs: Catalytic grants (up to USD 200,000 each to be implemented in 3 years) to support 21 high-potential, locally led adaptation innovations, focusing on gender equality and social inclusion, and alignment with national adaptation priorities. Will follow UNDP policy on Low Value Grants
Grants for MSMEs / Innovation Challenges: 5 Catalytic grants (140,000 k each) to foster market-based adaptation pathways and scale viable business models.
20% Rental & Maintenance - Premises: Costs associated with the rental and maintenance of office space for the Project Management Unit (PMU).
40% Project Manager (P3): Core PMU staff responsible for overall management, monitoring and supervision of project implementation , overseeing timely delivery of activities and results, based in Germany (Bonn).
40% Finance and Operations Analyst (P2): Core PMU staff responsible for financial management, budgeting, and operational oversight of the project, based in Germany (Bonn).
40% Procurement Analyst (P2): PMU staff (50% time) managing procurement processes in compliance with UNDP rules and regulations, based in Germany (Bonn).
Expert in Climate-Resilient Food Systems: Consultant support (70 days/year) to provide specialized technical assistance and thematic expertise in climate-smart agriculture and food security to grantees.
Expert in Nature-Based Solutions (NbS): Consultant support (70 days/year) to provide specialized technical assistance and thematic expertise in ecosystem-based adaptation and NbS approaches to grantees.
Expert in Disaster Risk Reduction (DRR) and Recovery: Consultant support (70 days/year) to provide specialized technical assistance and thematic expertise in disaster risk reduction and recovery measures to grantees.
Partnerships and Investments Specialist (IPSA 11): PMU staff focused on investment and partnership development, facilitating connections with DFIs, venture capital, and other financial actors home based.
Business Development Specialist (IPSA 8): PMU staff (50% time) focused on strengthening grantees' business acumen, revenue diversification, and market entry strategies, home based.
40% Project Associate/Analyst (IPSA 9): Core PMU staff providing administrative and analytical support to project operations, based in Germany (Bonn).
40% Website consultant (25% time)
General Travel to Events: Travel expenses for project staff and grantees to attend learning events, workshops, conferences, and site visits for monitoring and technical support.
MBA Schools' RPA Engagement: Engagement through a Long-Term Agreement (LTA) for 3 years (USD 90,000/year) to provide business and financial capacity building to grantees via fellowships and tailored technical assistance.
RPA Engagement (LAC Impact Investor Network): Engagement through an RPA with duration for 2 years (USD 120,000) to connect grantees with impact investors and philanthropic networks in Latin America and the Caribbean, facilitating access to follow-on financing.
RPA Engagement (APAC Impact Investor Network): Engagement through a an RPA with duration for for 2 years (USD 120,000) to connect grantees with impact investors and philanthropic networks in Asia Pacific, facilitating access to follow-on financing.

RPA Engagement (Africa Impact Investor Network): Engagement through an an RPA with duration for 2 years (USD 120,000) to connect grantees with impact investors and philanthropic networks in Africa, facilitating access to follow-on financing.

30% Rental & Maintenance - Premises: Costs associated with the rental and maintenance of office space for the Project Management Unit (PMU).

44% Project Manager (P3): Core PMU staff responsible for overall management, monitoring and supervision of project implementation , overseeing timely delivery of activities and results, based in Germany (Bonn).

44% Finance and Operations Analyst (P2): Core PMU staff responsible for financial management, budgeting, and operational oversight of the project, based in Germany (Bonn).

44% Procurement Analyst (P2): PMU staff (50% time) managing procurement processes in compliance with UNDP rules and regulations, based in Germany (Bonn).

Learning and Knowledge Management Specialist (IPSA 10): PMU staff dedicated to the development of knowledge products, delivering the learning and capacity building plans, and coordinate and deliver the peer learning events. Produces high quality KM reports, factsheets, business cases from the grantees to strengthen the visibility of the project. Home based.

Communications Specialist (IPSA 9): PMU staff for developing and implementing communication strategies, increasing visibility, and disseminating knowledge products and success stories. Produces high quality stories, blogs and photo stories, about the grantees. Connects the narrative with the Climate Promise website and the overall CCA team portfolio. Home based.

45% Project Associate/Analyst (IPSA 9): Core PMU staff providing administrative and analytical support to project operations, based in Germany (Bonn).

45% Website consultant (25% time)

Part time, cost shared positions (2 IPSAs) to support the delivery of innovation methodologies such as crowdfunding academy and innovation sprints.

General Travel to Events: Travel expenses for project staff and grantees to attend learning events, workshops, conferences, and site visits for monitoring and technical support.

20% Rental & Maintenance - Premises: Costs associated with the rental and maintenance of office space for the Project Management Unit (PMU).

Print Communications Materials: Production and dissemination of printed communication materials, such as reports, brochures, and toolkits, for project visibility and knowledge sharing.

Videos and Other Graphics Design Subcontract: Subcontracted services for developing multimedia content, including videos and graphic designs, to enhance project visibility and disseminate information.

Cost to translate in the six UN languages the for call for proposals documents before grantee selection.

Global Workshops: Funding for organizing two global workshops (e.g., annual peer learning events, innovation showcases) to promote knowledge exchange, cross-country learning, and visibility for adaptation solutions.

6% Project Manager (P3): Core PMU staff responsible for overall management, monitoring and supervision of project implementation , overseeing timely delivery of activities and results, based in Germany (Bonn).

6% Finance and Operations Analyst (P2): Core PMU staff responsible for financial management, budgeting, and operational oversight of the project, based in Germany (Bonn).

6% Procurement Analyst (P2): PMU staff (50% time) managing procurement processes in compliance with UNDP rules and regulations, based in Germany (Bonn).

15% Project Associate/Analyst (IPSA 9): Core PMU staff providing administrative and analytical support to project operations, based in Germany (Bonn).

15% Website consultant (25% time)

General Travel to Events: Travel expenses for project staff and grantees to attend learning events, workshops, conferences, and site visits for monitoring and technical support.

Information Technology Equipment: Laptop, monitor and accessories for the Project Management Unit (PMU).

30% Rental & Maintenance - Premises: Costs associated with the rental and maintenance of office space for the Project Management Unit (PMU).

Final Audit: Independent financial audit to ensure compliance with financial regulations and transparency in resource utilization.

UNDP operational support services, including recruitment/contract management, travel, approvals, and grants management.

	Upon Agreement signature	One Year after Project Start	Year 2
Scheduled Date	1-Jun-2026	1-Jun-2027	1-Jun-2028
Project Funds	1,089,482	6,808,130	2,303,778
Implementing Entity Fees	610,823	408,488	138,227
Total	1,700,305	7,216,618	2,442,005

1,089,482	6,808,130	2,303,778
610823	408488	138227
1,700,305	7,216,618	2,442,005

Year 3	Year 4	Total
1-Jun-2029	1-Jun-2030	
1,839,350	1,595,624	13,636,364
110,361	95,737	1,363,636
1,949,711	**1,691,361**	**15,000,000**

1,839,350	1,595,624	13,636,364
110361	95737	1,363,636
1,949,711	1,691,361	15,000,000

Category
Identification, Sourcing and Screening of Ideas
Feasibility Assessment / Due Diligence Review
Development & Preparation

Implementation

Evaluation and Reporting

Total

Services Provided by UNDP	IE fee (USD) AFCIA 2
Provide information on substantive issues in adaptation and innovation associated with the purpose of the Adaptation Fund (AF).	68,182
Engage in upstream policy dialogue related to a potential application to the AF.	
Verify soundness & potential eligibility of identified ideas for AF.	
Provide up-front guidance on converting general idea into a feasible project/programme.	204,545
Source technical expertise in line with the scope of the project/programme.	
Verify technical reports and project conceptualization.	
Provide detailed screening against technical, financial, social and risk criteria and provide statement of likely eligibility against AF requirements.	
Determination of execution modality and local capacity assessment of the executing entity.	
Assist in identifying technical partners. Validate partner technical abilities. Obtain clearances from AF.	
Provide technical support, backstopping and troubleshooting to convert the idea into a technically feasible and operationally viable project/programme.	272,727
Source technical expertise in line with the scope of the project/programme needs.	
Verify technical reports and project conceptualization.	

Verify technical soundness, quality of preparation, and match with AF expectations.	
Negotiate and obtain clearances by AF. Respond to information requests, arrange revisions etc.	
Technical support in preparing TORs and verifying expertise for technical positions.	
Provide technical and operational guidance to project team. - Verification of technical validity / match with AF expectations of inception report/baseline report.	
Provide technical information as needed to facilitate implementation of the project activities.	
Prepare Project Baseline Report	
Provide advisory services as required.	613,636
Provide technical support, participation as necessary during project activities.	
Provide troubleshooting support if needed. Provide support and oversight missions as necessary.	
Provide technical monitoring, progress monitoring, validation and quality assurance throughout.	
Allocate and monitor Annual Spending Limits based on agreed work plans.	

Receipt, allocation and reporting to the AFB of financial resources.	
Oversight and monitoring of AF funds.	
Return unspent funds to AF.	
Provide technical support in preparing TOR and verify expertise for technical positions involving evaluation and reporting (including for the Mid-Term- and Terminal Evaluations).	204,545
Participate in briefing / debriefing (including for the Mid-Term and Terminal Evaluations)..	
IC honoraries (independend evaluator) to carry out the MTR evaluation	
IC honoraries (independend evaluator) to carry out the TE evaluation	
Verify technical validity / match with AF expectations of all evaluation and other reports (including for the Mid-Term and Terminal Evaluations).	
Undertake technical analysis and validate results.	
	1,363,636

Component	Outcome	Output
	Outcome 1: High potential, locally led adaptation innovations, including non-	Output 1.1: 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.

Component 1: Catalytic grants to implement and accelerate innovative adaptation solutions with potential to scale	for-profit entities and micro, small and medium enterprises (MSMEs), are identified and supported with catalytic finance and technical assistance, improving their readiness for scale and alignment with national adaptation priorities (NAPs/NDCs).	Output 1.2: Selected innovations receive catalytic grants and tailored technical support to strengthen operational, financial, and 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

		Output 2.1: All supported adaptation innovators receive tailored technical assistance, including business model refinement, thematic support on adaptation approaches, gender-responsive design, MEL systems, financial planning and safeguard

| Component 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 finance ecosystems through tailored technical assistance, business development, and strategic partnerships. | 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 and investors partners

		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 peers, government partners, investors, and adaptation practitioners.

| Component 3: Knowledge, Learning, and Strategic MEL to drive innovation for adaptation, scaling pathways and inform government programs. | Outcome 3: Evidence and learning from supported adaptation innovations are leveraged to influence replication, policy frameworks, and investment practices through strategic partnerships, regional platforms, and global knowledge networks, accelerating inclusive and market-oriented adaptation solutions. | | |

		Output 3.2 Annual peer learning events, global webinars, and cross-country exchanges are organisedorganized to promote south-south and south-north collaboration, uptake of good practices, and cross-sectoral learning among innovators, governments, investors, and UNDP partners.

Component 4: Project Management	Project Management Activites	AFCIA 2 project is managed efficiently and effectively.

Activity
Activity 1.1.1 Design and launch inclusive and competitive global calls for proposals
Activity 1.1.2: Screen, select, and contract high-potential adaptation innovations

Activity 1.2.1: Establish and manage performance-based grant agreements
Activity 1.2.2: Disburse and manage performance-based grant tranches, monitor performance, and implementation progress
Activity 1.3.1: Identify and select high-performing AFCIA 1 innovations for follow-on support
Activity 1.3.2: Establish and manage performance-based grant agreements for AFCIA 1 grantees, which provide follow-on catalytic grants to consolidate and scale proven adaptation models
Activity 1.3.3: Disburse and manage performance-based grant tranches for AFCIA 1 grantees, monitor performance, and implementation progress

Activity 2.1.1: Deliver an 8–10-week onboarding sprint for selected innovators

Activity 2.1.2: Provide integrated, ongoing technical assistance, advisory support, leadership coaching, and peer-to-peer learning

Activity 2.1.3: Assist selected grantees to prepare Gender Action Plans and ESMPs

Activity 2.2.1: Support innovators to identify and access appropriate financing pathways

Activity 2.2.2: Generate and consolidate evidence of impact, scale, and systemic influence

Activity 3.1.1: Design and implement a structured learning and knowledge management architecture

Activity 3.1.2: Develop, maintain, and operationalise a digital knowledge platform

Activity 3.1.3: Produce, quality-assure, and disseminate innovation-focused knowledge products

Activity 3.1.4: Operationalize the MBA Fellowship Programme and failure-learning protocol

Activity 3.2.1: Organise and facilitate structured peer-learning and knowledge exchange activities

Activity 3.2.2: Deliver targeted learning modules and peer exchanges to strengthen grantee capacities

Activity 3.2.3: Facilitate cross-country and cross-regional learning exchanges
Activity 3.2.4: Implement coordinated communication, visibility, and dissemination activities

Activity 4.1.1 Establish and operationalise programme management, governance, and baseline systems.

Sub-Activity
Design and Launch of open call for proposals targeting CSOs, NGOs, and community-led organizations
Design and Launch of open call for proposals targeting targeting MSMEs
Proposal Screening and Scoring
Selection and Due Diligence
Grant Agreement Finalization

Establish and manage performance-based grant agreements
Disbursement and Monitoring of Low Value Grant Agreements (LVGAs) to NGOs/CSOs and MSMEs
Business development plan; financial,ESG, M&E and gender action plan reporting; E and other Learning trainings for grantees
Establishment of a GRM system for the project
Development of a Knowledge Management Learning Framework
Performance-based grant agreements for AFCIA 1 grantees.
Disburse and manage performance-based grant tranches for AFCIA 1 grantees, monitor performance, and implementation progress

Innovation and Learning Sprint
Development of Technical Assistance Plans for grantees
Hiring of a firm for Investor Engagement Network
Hiring of Firm for the implementation of the MBA Fellowship Program
Tailored advisory support for grantees
Thematic Technical Assistance to grantees
Development of scalability assessments for grantees

Support grantees through University students and MBA Fellowship programme
Peer to Peer Learning Exchanges for grantees on scaling
One-on-one Coaching and mentoring to grantees.
Statifaction survey
Development of Gender Action Plans and Environmental and Social Management Plans (ESMPs) by grantees.
Identifcation of appropriate capital pathways
Development of coherent Business Cases

Development of practical adaptation-relevant screening tools and metrics
Organise investor roundtables, deal rooms, and thematic investment forums
Training on due diligence processes
Facilitate linkages between grantees and national implementing entities, UNDP country offices or national programmes
Facilitate the development of pilot innovative financing approaches
Broker grantee participation in key regional and global convenings
Track and document follow-on finance mobilised by grantees

Development and Implementation of a Communications Plan to support coordinated communication and visibility efforts.
Develop and Mandate Gender/Social Inclusion (GSI) Guidelines;Specialized Training and Sensitization for Content Teams
Design a learning and knowledge management architecture
Produce innovation-focused knowledge products

Integrate Learning Sprint outputs into the knowledge ecosystem
Structured Peer to Peer Learning Sessions on adaptation, MEL, gender and safeguards
Operationalise the EMBA/MBA Fellowship Programme as a core knowledge-generation mechanism
Establish and implement a 'failure learning protocol'.
Organise regular peer-learning and replication events
Host regional webinars and podcasts on adaptation innovation

Plan and Execute AFCIA Global Workshops (1 at mid project, 1 at project final year)
Participation in various climate change and adaptation-focused events
Peer to Peer Learning Exchanges for grantees on scaling
Establish and maintain a multi-layered knowledge-sharing and learning activities
Project Inception
Hiring consultants, staff, that are part of the PMU
Agreements with Regional Bureous and Country Offices

Developing TORs for Grant Selection Committee, Project Board, SOPs etc
Preparation of baseline report
Mid term review
MTR management response
Terminal Evaluation
Annual PPR to AF
Final audit of the project
Operational closure
Financial closure

Notes	2026			
	Q2	Q3	Q4	Q1
A global call for proposals targeting CSOs, NGOs, and community-led organizations working within priority themes including: (i) Water and Food Security, (ii) Nature-Based Solutions (NbS), and (iii) Disaster Risk Reduction (DRR). These organisations must demonstrate proven, context-relevant, and locally led adaptation solutions ready for scale-up. Launch full proposal call with detailed application package; Include templates for results framework, budget, and gender action plan				
An global call for proposals targeting MSMEs through a competitive process that prioritizes adaptation-focused and for-profit entities, including youth- and women-led ventures with tested, context relevant solutions and clear scaling potential. These organisations should be working within priority themes that include: (i) Water and Food Security, (ii) Nature-Based Solutions (NbS), and (iii) Disaster Risk Reduction (DRR). Launch full proposal call with detailed application package; Include templates for results framework, budget, and gender action plan				
Use a standardized scorecard to assess innovation, feasibility, and impact; Include gender and social inclusion as scoring criteria				
Conduct background checks, financial assessments, and risk screening; Apply Environmental and Social Safeguards (ESS) and Gender Marker				
Review and finalize Low Value Grant Agreements (LVGAs); Ensure alignment with national adaptation priorities				

Disburse funds in tranches based on milestones; Set up bi-annual reporting (36 months of implementation for NGOS, 24 months of implementation for MSMEs)				
Support grantees to design and implement robust MEL systems that track operational, financial, adaptation, and gender outcomes, including development of simple indicators, data collection tools, and processes for regular learning and adaptive management.				
To help establish accoutnability and transparency for the project; Develop comprehensive GRM standard operating procedures (SOPs), including intake forms, templates, investigation protocols, timelines for response/resolution				
Knowledge Management and Learning Framework designed to capture lessons from AFCIA 1 grantee implementation.				
Establish and manage performance-based grant agreements for AFCIA 1 grantees, which provide follow-on catalytic grants to consolidate and scale proven adaptation models.				
Disburse and manage performance-based grant tranches for AFCIA 1 grantees, monitor performance, and implementation progress				

Each grantee will participate in a mandatory 8–10 week Learning Sprint designed to strengthen implementation quality and accountability. This onboarding and capacity-building process will include practical modules on business-model refinement, financial and impact readiness, monitoring, evaluation and reporting, and gender-responsive and socially inclusive practices, and safeguards.				
Develop individual Technical Assistance Plans for each grantee, based on diagnostic assessments of their institutional capacity, financial systems, adaptation approach, gender and social inclusion practices, and existing partnerships.				
Firm to provide investor awareness raising on adaptation innovations, philanthropy and corporate foundations				
Firm to provide specialised technical assistance through universities				
Tailored technical assistance on Business Model Optimisation (including hybrid models for CSOs/NGOs), revenue diversification, pricing strategies, and cost-recovery mechanisms that enhance long-term financial sustainability.				
Thematic assistance provided to grantees on the following thematic areas: climate-resilient food systems, nature-based solutions and disaster risk reduction and recovery, , including agronomic advice, resource-efficient production practices, quality assurance and traceability systems, and community-based resilience measures.				
Scaling readiness assessments and post-grant support for selected innovation projects, including NIE engagement and investment matchmaking.				

Deploy MBA/EMBA fellows to work directly with grantees on strengthening internal systems—such as financial reporting, budgeting, cash-flow forecasting, risk management, and preparation of investor-ready data rooms and documentation throughout the Fellowship Programme duration.				
Peer-to-peer learning through quarterly replication clinics, thematic learning sessions, and south–south exchanges, enabling grantees to share tools, standard operating procedures, training materials, and other resources that can support replication and scaling. This will aslo include learning exchanges between AFCIA 1 and AFCIA 2 grantees and participation by the wider AFCIA partnership network.				
ongoing one-on-one coaching and mentoring to grantee leadership teams on organisational development, governance, succession planning, and change management to support operational resilience and responsible growth.				
annual statisfaction survey to assess relevance and quality of technical assistance.				
Assist selected grantees to prepare Gender Action Plans and ESMPs				
Conduct financing diagnostics with each grantee to identify appropriate capital pathways (e.g., grants, concessional loans, revenue-based finance, blended instruments, guarantees, or public procurement opportunities) aligned with their business model, risk profile, and stage of growth.				
Support grantees to develop coherent investment cases, including financial models, capital-raising strategies, and pitch materials, factual reports that clearly communicate their adaptation value proposition, resilience outcomes, and social and gender impacts.				

Worked closely with stakeholders for development of practical adaptation-relevant screening tools and metrics that help investors and lenders recognise, value, and track resilience benefits in their portfolios.				
Organise curated investor roundtables, deal rooms, and thematic investment forums—often hosted in collaboration with business schools and regional partners—to showcase AFCIA 2 grantees to DFIs, impact investors, local banks, philanthropic funds, and corporate partners.				
Provide hands-on support to grantees and facilitate learning during early-stage due diligence processes, including preparation of data rooms, documentation of track records, clarification of governance structures, and responses to investor queries.				
Explore opportunities for integration into larger public-sector or blended finance programmes.				
Examples include blended finance structures, concessionary credit lines, results-based or revenue-based mechanisms, and insurance-linked solutions—in collaboration with interested financial partners, drawing on lessons from AFCIA 1 and other AIM initiatives.				
Examples include impact investment summits, climate weeks, and adaptation forums and conferences—to increase visibility of adaptation enterprises and locally led solutions among funders and partners.				
Track and follow up: commitments, disbursements, and types of capital, and synthesise lessons into guidance for future adaptation investment programming and policy dialogue.Generate and consolidate evidence of impact, scale, and systemic influence				

Including the number and type of knowledge products produced, the number and diversity of learning events, and participation of women, youth, vulnerable groups, and local institutions, and use this information to refine the learning and knowledge management approach over time. Oversee synthesis, quality assurance, and dissemination of knowledge products, ensuring alignment with UNDP and Adaptation Fund standards, and contributing to global adaptation dialogues and evidence bases.				
Create and formally integrate mandatory, step-by-step Gender and Social Inclusion (GSI) Guidelines and a corresponding Checklist into the project's standard operating procedures (SOPs) for all knowledge and communication product development. Conduct targeted, hands-on training workshops for all staff and partners involved in producing knowledge and communication products. The training should focus specifically on identifying, extracting, and effectively communicating GSI-related lessons and data from adaptation innovations.				
Design and implement a learning and knowledge management architecture, including pre-selection webinars and mini-courses to strengthen proposals, followed by an intensive Learning Sprint to build technical, financial, and operational readiness of selected grantees.				
Examples include adaptation investment briefs, metrics toolkits, replication toolkits, evidence briefs, and gender-transformative case studies, to inform policy frameworks, public procurement, and investment practices.				

Ensuring early-stage lessons, templates, and tools developed during the onboarding period are shared widely across the AFCIA community.				
Structured peer-learning sessions and thematic exchanges aimed at strengthening capacities in monitoring and evaluation, gender integration, and the three thematica areas of adaptation and resilience building.				
Engaging fellows to document business models, conduct case studies, analyse unit economics and impact performance, and contribute to a shared library of scalable adaptation models.				
Where grantees can confidentially report and reflect on technical, operational, or market challenges, with lessons synthesised into guidance notes, peer to peer exchange and learning sessions for the wider portfolio.				
e.g. replication clinics, cross-country peer-learning sessions, innovation showcases, and South–South / South–North exchanges that connect AFCIA 1 and AFCIA 2 grantees and other AFCIA partner programmes to share models, tools, and implementation lessons.				
Thematic focus on finance, gender, nature-based solutions, etc.				

Convening of project partners to foster connections/collaborations/peer-to-peer learning between community innovators, investors and academia.				
Engaging in key climate change and adaptation events, including Adaptation Futures and the UNFCCC COP to showcase our project, build visibility, and strengthen engagement with global stakeholders.				
Project will aggregate data by gender and stakeholders by type of event ; this will include peer learning, webinars, exchanges				
Leveraging existing UNDP and AIM systems as well as the broader AFCIA infrastructure under UNEP–CTCN coordination to curate, organise, and disseminate lessons across regions.				
	■			
Hiring consultants, staff, that are part of the PMU		■	■	■
Agreements with Regional Bureous and Country Offices		■	■	■

Activity				
Developing TORs for Grant Selection Committee, Project Board, SOPs etc				
Preparation of baseline report				
Development of TORs, hiring consultant and conducting mid term review				
Preparing management response based on MTR recommendations, tracking, progress update and coordination with ERC office				
Development of TORs, hiring consultant and conducting terminal evaluation				
Project will produce annual PPRs to detail progress including stores, challenges, achievements, beneficiaries information and women specific data				
Final Report				
Final date by which project activities are eligible				
Final date to close the project financially				

2027			2028				2029		
Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
███									
███									
	███								
		███							
			███						

	2030				2031		
Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3