

Adaptation Fund Board
Forty-Seventh Meeting
Bonn, Germany

READINESS STRATEGY 2027 - 2029¹

Strategic issues

- A) The Readiness Strategy 2027-2029 has been developed following two complementary processes: a rigorous evaluation of the existing Readiness Programme by the AF TERG, and a comprehensive review of the same conducted by the Secretariat.
- b) The strategy is designed to deepen country-level capacity and reinforce entity level systems that enable developing countries to strengthen national institutions, policy frameworks, and implementation capabilities. Because these improvements have Fund-wide implications for how country engagements and capacities are supported, collective Board oversight and approval is warranted. This paper is therefore presented for consideration and decision by the Board.
- c) The Readiness Strategy 2027-2029 is presented in four parts which the Board may wish to consider holistically:
 - Annex I (Clean Version) – Main Strategy
 - Annex II (Clean Version) – Streamlined Readiness Grants
 - Annex III (Clean Version) – Implementation Plan with Budget
 - Annex IV (Clean Version) - Monitoring Framework

¹ The initial strategy document was presented to the Board at its 46th meeting. Following decision B.46/4, Board consideration of the current document is anticipated in October 2026 and as such, the strategy period has been updated to 2027–2029 to allow implementation to begin in the following calendar year.

Purpose

1. This board paper presents the proposed three-year Readiness Strategy spanning 2027 - 2029. It seeks Board endorsement and adoption of the strategy and related resource allocation to enhance the Fund's capacity building impact and efficiency.

Recommended Decision

2. The Board, having considered document AFB/B.47/8, decides:
- a) To adopt the Readiness Strategy for the period 2027-2029, including the readiness grants, implementation plan, budget and monitoring framework for the enhanced Readiness Programme contained in Annexes I – IV of document AFB/B.47/8.
 - b) To request the Secretariat to implement the Readiness Strategy as outlined in Annexes I - IV of document AFB/B.47/8 and that an independent evaluation of the Readiness Programme be undertaken towards the end of the third year of the Strategy's implementation.
 - c) To request the Secretariat to provide an annual report to the Board on the implementation progress, results, and learning from implementation of the Readiness Strategy, as part of the annual performance report of the Fund, with a first review scheduled for inclusion in the Annual Performance Report for the calendar year 2027.
 - d) To request the Secretariat to develop standard legal agreements, application forms and review templates for the readiness grants presented in Annex II of document AFB/B.47/8, and to present them for consideration by the Board at its forty-eighth meeting.
 - e) To request the Secretariat to broadly disseminate the Readiness Strategy to the Adaptation Fund's stakeholders.

Background

3. Pursuant to Medium-Term Strategy 2023-2027 (MTS-II), and Decision B.42/43 by the Board requesting the Secretariat to submit a paper to the PPRC outlining an enhanced Readiness Programme, the Secretariat has developed a proposed Readiness Strategy for the period 2027 - 2029, informed by the AF TERG thematic evaluation on the Readiness Programme (covering the period May 2014 – March 2025) and in parallel, by the comprehensive research and analysis of the current Readiness Programme done by the Secretariat.

4. The Readiness Strategy 2027-2029 is the result of a comprehensive review of the existing Readiness Programme by the Secretariat. It also directly responds to recommendations from the AF-TERG's evaluation of that programme as outlined in document AFB/B.46/15. Together, these processes shape a Strategy that reflects the Fund's unique readiness value-add. This value-add is realized through a shift to a dynamic, needs-driven readiness portfolio; strengthened data and tracking capacities to ensure efficiency and credibility of results; stronger coordination and complementarity; streamlined grant windows; and a modest scaling of resources to ensure targeted capacity building that is equitable, responsive, and fully complementary to the Fund's core mandate to finance concrete adaptation projects and programmes.

5. The Secretariat circulated the updated draft readiness strategy to the Board for comments intersessionally on 26 August 2026 and subsequently received comments and proposed edits from members of the Board. The current revised draft labelled "Annexes-Clean Version" reflects the revisions made by the Secretariat in response to those comments. The version labelled "Annexes-Tracked Changes Version" shows in tracked changes, all revisions made by the Secretariat after AFB46, including those resulting from comments made by the Board intersessionally.

AFB/B.47/8

Annexes (Clean Version): Readiness Strategy 2027 - 2029

Helping developing countries build resilience and adapt to climate change

Adaptation Fund Readiness Strategy (2027 – 2029)

19 October 2026

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Annex I (Clean Version): Readiness Strategy 2027-2029

Background

1. This document outlines the Adaptation Fund (the Fund) Readiness Strategy 2027-2029. Established by the Adaptation Fund Board (the Board) Decisions B.22/24, the existing Readiness Programme for Climate Finance (Readiness Programme) enables developing countries to directly access climate adaptation finance from the Fund's resources. This funding allows them to implement concrete projects and programmes that increase vulnerable communities' resilience to the adverse impacts of climate change.

2. In 2022, the Board approved the Fund's Second Medium-term Strategy 2023-2027 (MTS II), which foresees an expanded Readiness Programme. Specifically, readiness and capacity building are outlined in the MTS II Expected Result 2 (ER2) under Strategic Pillar 1, Expected Result 3 (ER3) under Strategic Pillar 2, ER2 under Strategic Pillar 3, and the MTS II cross cutting theme on enhancing access to climate finance and long-term institutional capacity.

3. The Readiness Strategy 2027-2029 responds to MTS II, as well as a call at COP30 for the Fund and other climate funds to provide capacity building support to developing countries for the Global Goal on Adaptation (GGA). It therefore established the basis to accelerate delivery of readiness and capacity building support for effective adaptation action and efficient access to finance, enabling the most climate-affected communities in developing countries to respond to adverse climate impacts through concrete, locally based and locally led adaptation action. In doing so, the Fund aims to strengthen long-term capacities and capabilities of national institutions in developing countries, in line with Article 11 of the Paris Agreement. Beyond strengthening the capacity for accessing climate finance, the Readiness Strategy 2027-2029 will support the most climate-affected people and communities as agents of change and advance gender equity and social inclusion by supporting capacity building for compliance with the Fund's policies, including the operational policies and guidelines. Furthermore, the Readiness Strategy 2027-2029 will facilitate scaling and replication of results by encouraging complementarity, coherence and synergies with other climate funds and adaptation actors.

Value-Add of the Adaptation Fund Readiness Strategy 2027-2029

4. The Readiness Strategy 2027-2029 reflects the distinct value-add of the Fund's overall support to developing countries. It positions the Fund's Readiness Programme as a complementary and differentiated instrument that strengthens national institutions, systems, and decision-making capacity in ways that cannot be achieved through project funding alone or through other climate finance modalities. While access to Adaptation Fund resources through Regional Implementing Entities (RIEs) and Multilateral Implementing Entities (MIEs) enables the delivery of adaptation projects, readiness support is designed to ensure countries build their own foundational capacities that allow them to own, sustain, and scale nationally led adaptation action over time. Specifically, the Fund's Readiness Strategy 2027-2029 stands out through the following:

- **Enables stronger/faster accessibility for smaller and lower-capacity countries such as Least Developed Countries (LDCs) and Small Island Development States (SIDs) among other developing countries:** The Readiness Strategy 2027-2029 prioritizes country-driven readiness and country ownership of capacity building that targets national strategic control over adaptation finance delivery.
- **The Readiness Strategy 2027-2029 maintains a clear adaptation-specific institutional focus:** It is particularly targeted at ensuring national institutions can independently manage adaptation finance over time, not just prepare individual funding proposals.
- **The Readiness Strategy 2027-2029 is flexible and implements a responsive delivery model:** It applies an iterative delivery model aligned with evolving country contexts, with faster response times to quickly engage with emerging adaptation frameworks and finance mechanisms.
- **The Readiness Strategy 2027-2029 strongly promotes learning among accredited implementing entities,** including through South-South peer exchanges and communities of practice.
- **The Readiness Strategy 2027-2029 doesn't just prepare countries to access the Fund's resources, it builds institutional capabilities that are transferable** across the climate finance architecture, enabling smaller entities particularly from LDCs and SIDS, and including other developing countries, to gradually increase their capacity to access larger volumes of climate finance through an adaptive programming approach.
- **The Readiness Strategy 2027-2029 offers capacity building linked to adaptation innovation and learning** and operates in conjunction with the Fund's dedicated innovation and learning grant funding windows. This can help countries pilot new adaptation approaches, test institutional arrangements, and build innovation capacity without excessive scale risk.

Approach to the Readiness Strategy

5. The approach to the Readiness Strategy 2027-2029 followed a systems approach (details on dimensions explored provided in Figure 1), which ensured its alignment with MTS II through a thorough consultative process.

Figure 1: Dimensions investigated through the systems approach



6. The following key actions were taken:

- Consultations and research by the Secretariat to reframe the existing Readiness Programme:** The process included an extensive assessment of capacity needs and engaged a wide range of stakeholders, including accredited national and regional implementing entities, Designated Authorities (DAs), staff of the Adaptation Fund Board Secretariat, representatives of other climate funds under the Paris Agreement, and civil society organisations. A capacity needs assessment of National Implementing Entities (NIEs), RIEs and DAs was conducted at four Adaptation Fund readiness events in 2024, to identify the main challenges faced by them during the project cycle, as well as aspects of the existing Readiness Programme that have been the most beneficial. This feedback and research served as the analytical foundation for the Readiness Strategy 2027-2029, ensuring it is both evidence-based and directly responsive to evolving needs.
- Detailed feedback from stakeholders through surveys to enhance technical assistance grants:** A survey of DAs, IEs, and accreditation applicants was conducted to inform the Readiness Strategy 2027-2029. Respondents provided detailed feedback on costs associated with project-cycle activities, grant-sizing, expected grant outputs, and critical institutional or project-level gaps that require attention.
- Collaboration with the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG):** In 2024, the AF-TERG commissioned an evaluation of the existing Readiness Programme to conduct a comprehensive assessment of that programme since its inception and provide recommendations for further improvement. Five key recommendations emerged from the independent review and have been considered in the development of the Readiness Strategy 2027-2029:

- (i) The Readiness Programme should further sharpen its value added, particularly regarding the ways in which its various components are designed to support countries as well as in relation to other readiness providers
- (ii) The Readiness Programme should clearly outline in its theory of change (in development) the specific value added of the programme, intended causal pathways for its use, and associated ways to track implementation, outcomes, and feedback from stakeholders.
- (iii) The Readiness Programme should strengthen its coordination and collaboration with the implementing entities, DAs and other climate funds.
- (iv) The Readiness Programme should consider ways in which to strengthen data collection and analysis systems to better understand readiness activities and their contribution to results, including outcomes and impact.
- (v) The Secretariat should consider integrating in the Readiness Strategy 2027-2029 mechanisms to systematically track and improve efficiency of the Readiness Programme.

7. The comprehensive review by the Secretariat found strong alignment between the recommendations by the TERG and the support needs expressed by accreditation applicants, implementing entities (IEs), and designated authorities (DAs). All IE respondents (100%) identified training and capacity-building activities as a major cost category for addressing institutional gaps. There was also clear convergence across accreditation applicants, IEs, and DAs on the importance of readiness grants to support accreditation and navigation of the Fund's project life cycle. Over 80% of accreditation applicants rated the proposed enhanced readiness package grant as very useful for strengthening institutional capacity ahead of Adaptation Fund accreditation; 79% of IEs said it would be very useful for institutional strengthening during re-accreditation; and 98% of DAs indicated that the proposed grant to support DAs would be very useful for enhancing their ability to identify, assess, and select suitable national implementing entities (NIEs). Finally, regarding the use of data tracking and evidence-based capacity building, 95% of IEs reported that the proposed grants would be very useful for strengthening their institutional monitoring and evaluation (M&E) frameworks.

Iterative approach to capacity building and climate finance readiness

8. The Readiness Strategy adopts an iterative approach in which implementation is executed in cycles, with each cycle allowing for review, feedback, and adjustments to the subsequent cycles. This will enable the Fund to deliver context appropriate, country-driven, locally led long-term readiness and capacity building support based on identified needs and real-time analytics. Figure 3 presents a high-level articulation of the continuous loop approach to delivering readiness and capacity building, and includes six anticipated stages to the cyclical process, which are expanded further below:

Figure 2. High-level articulation iterative and continuous loop approach to building country readiness and capacity to access climate finance to address national priorities



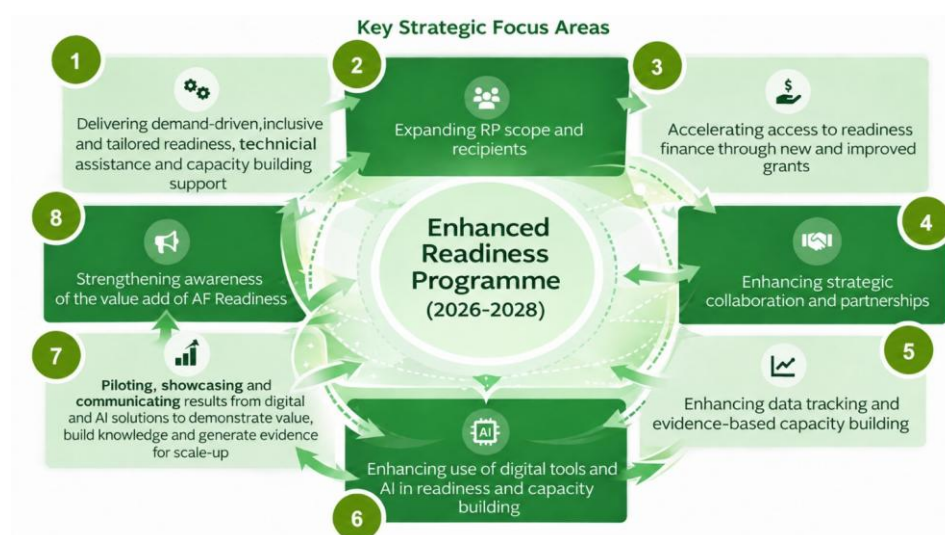
Readiness Strategy key focus areas

9. The key focus areas of the enhanced RP are aligned with the strategic pillars and cross-cutting themes of MTSII (Figure 2) and further explained below.

Commented [A1]: Focus area 7 is shown twice

Commented [A2R1]: Focus area 7 has been revised and the numbering for all focus areas updated.

Figure 3. Key focus areas of the Readiness Strategy 2027-2029



10. Specifically, the Readiness Strategy has a key focus on:

- (i) **Delivering demand-driven, inclusive and tailored readiness, technical assistance (TA) and capacity building support:** Through the Fund's country-driven approach, the Readiness Strategy 2027-2029 includes a structured process to regularly conduct needs assessments to identify unique and emerging readiness gaps, TA priorities and capacity building needs; and subsequently provide tailored support accordingly. The strategy incorporates flexibility and adaptability in the delivery of support that can respond to an evolving climate change adaptation landscape, continuously changing country circumstances, and emerging needs. Support provided includes region-specific readiness engagements, including in-person workshops and peer-to-peer learning; virtual training and knowledge sharing engagements; and one-on-one clinic sessions on specific technical priorities (including during in-person workshops and virtually). This will be facilitated through increased regional presence of the Fund through virtual, region-specific readiness facilitators (one each for Africa, Asia and, Latin America and the Caribbean (LAC)).

The Readiness Strategy also strives towards simplified and inclusive access procedures to readiness and capacity-building support. This requires streamlined application processes and eligibility criteria to reduce administrative burdens for developing countries. Equity and inclusion are central guiding principles of the Fund, and as such, will be mainstreamed as a key focus area in understanding how to deliver coordinated, inclusive, effective and efficient capacity building and readiness support.

- (ii) **Expanding Readiness Programme scope and recipients:** The Readiness Strategy 2027-2029 responds to the demand-driven capacity building and readiness needs of an expanded set of stakeholders, including DAs, EEs, RIEs, and local communities and pertinent civil society organisations working with IEs. This will be done through the following:

a) **Enhancement of knowledge exchange and inclusivity**, by fostering local and country ownership to ensure that the delivered support is fit-for-purpose and has long-term and sustainable impact. The Readiness Strategy 2027-2029 emphasizes coordination with pertinent communities of practice, capacity building networks, forums, hubs, and initiatives; including expanding support for the Fund's Community of Practice for Direct Access Entities (CPDAE).

b) **Inclusion of GGA considerations:** As set out in Decision 2/CMA.5, paragraph 38 (2023), adopting the UAE Framework for Global Climate Resilience, operating entities of the Financial Mechanism were invited and other climate funds encouraged to provide financial and technical support to assist developing countries in implementing the GGA consistent with evolving guidance under the UNFCCC process and in accordance with national circumstances and priorities where they so choose. Recognizing that relevant modalities and indicators continue to be elaborated under the guidance of the CMA, the Readiness

Strategy 2027-2029 delivers targeted, demand-driven capacity-building support to strengthen national systems and institutional capabilities for engagement with the evolving GGA framework, where requested by countries and consistent with the Adaptation Fund's mandate.

Where requested, and consistent with national priorities, this support may focus on institutional and governance strengthening to both engage with and support coordination across DAs, NIEs, RIEs and relevant ministries; development of national decision-making frameworks that reflect national adaptation priorities; reinforcement of safeguards, fiduciary, and risk-management systems; and enhancement of project and pipeline development capacity to translate National Adaptation Plan (NAP) and Nationally Determined Contribution (NDCs) priorities into high-quality adaptation proposals through Direct Access.

Where identified as a country priority, the Readiness Strategy 2027-2029 may also enable support to countries in considering how relevant elements of the evolving GGA framework, including thematic areas, dimensions, and any agreed approaches or indicators under the UNFCCC process, may inform national adaptation planning, implementation, monitoring, and learning, while recognizing that these discussions remain under development and should be applied in a manner that reflects national circumstances, capacities, and priorities.

Through this flexible and country-driven approach, the strategy aims to strengthen institutional capacity to support national adaptation priorities, facilitate informed engagement with relevant international adaptation processes as appropriate, and enhance countries' ability to develop high-quality adaptation pipelines consistent with the Adaptation Fund's mandate.

(iii) Accelerating access to readiness finance through new and improved grants:

The Readiness Strategy 2027-2029 includes the provision of several grants intended to provide direct access to readiness finance, including:

- a) Support for accreditation:** This entails enhancing the relevance and effectiveness of the established Readiness Package grants. These funds are targeted at both prospective entities and accredited NIEs (seeking to renew their status) to address institutional gaps and accelerate their progress in successfully navigating the Fund's accreditation requirements.
- b) Targeted support to enhance DA capacity:** Targeted support for DAs to enhance national coordination, planning, capacities and climate finance readiness and to assess potential NIEs for accreditation. The Readiness Strategy 2027-2029 will explore possibilities for direct support to DAs in consultation with the Adaptation Fund Trustee.

- c) **Post-project approval implementation support:** A flexible and demand-driven grant targeted at IEs to support them to address existing and emerging capacity and capability priorities. The grant supports and enables adaptive management by the IEs to respond to existing and emergent needs throughout the Fund's project life cycle.
 - d) **Support for project scale-up design:** Supports NIEs and RIEs with the scale-up design of their successful adaptation projects, which were originally funded by the Fund or through other mechanisms; including with understanding additional climate finance mobilisation and access opportunities in this regard.
- (iv) **Enhancing strategic collaboration and partnerships:** The Fund aims to go beyond simply avoiding duplication and fragmentation of capacity building and readiness support. A key focus will be on strengthening readiness partnerships and collaboration by pursuing context-driven collaborations across respective regions to entrench long-term, coordinated and sustainable capacity building and climate finance readiness. This will include coordinating and collaborating with partners to produce and disseminate good practice on innovative, context-driven and dynamic capacity building for climate finance readiness, across respective regions. Recognising that effective readiness and capacity-building support requires increasingly large financial investments sustained over many years, the Readiness Strategy 2027-2029 strengthens collaboration and partnerships that are specifically targeted at capacity-building over and above broader partnerships at the Fund level. Such deliberate partnerships, which include partnering with private sector, academia, CSOs, United Nations (UN) agencies, constituted bodies under the United Nations Framework Convention on Climate Change (UNFCCC), multilateral organisations, funds, and development agencies; will leverage financial resources, broader reach and knowledge, external expertise, and networking opportunities for continued innovation and progress to implement the strategy. In addition, partnerships and collaborations with entrepreneurial hubs, incubators, accelerators, and networks that promote innovation for climate action will be explored.
- (v) **Enhancing data tracking and evidence-based capacity building:** The Readiness Strategy 2027-2029 integrates straightforward collection tools and performance indicators into existing reporting processes. By providing focused training to entities on using this data for adaptive management, the Fund ensures that resources are used efficiently and can be quickly pivoted to meet emerging needs during a project's life cycle.
- (vi) **Enhancing use of digital tools and Artificial Intelligence (AI) in readiness and capacity building:** The Readiness Strategy 2027-2029 leverages technology and utilises digital tools, platforms and modalities that facilitate easy access to information, resources, and training for a diverse range of pertinent stakeholders. The emergence of frontier technologies, such as AI, presents a valuable opportunity to streamline and enhance capacity building and readiness support to address

context-specific and on-going challenges in the development, implementation, monitoring and evaluation, and knowledge sharing and learning challenges experienced by a diverse range of adaptation actors. Where appropriate and relevant, nascent technologies will be explored and adopted to enhance the efficiency and effectiveness of capacity building and readiness activities supported by the Fund.

- (vii) **Piloting, showcasing and communicating results:** The Readiness Strategy 2027–2029 will explore emerging digital and AI-enabled tools and approaches with potential to strengthen readiness and capacity-building support. Potential applications may include AI-assisted knowledge and information retrieval and automated analysis and synthesis of readiness and project data. Where promising tools and applications are identified, they will be tested and piloted through relevant readiness activities, with results and lessons systematically captured and communicated to assess their effectiveness, inform continuous improvement, and determine their potential for replication and scale-up. More broadly, the Strategy will strengthen the systematic capture, showcasing and communication of results, lessons and good practices generated through readiness activities to demonstrate their value, facilitate learning and inform the design and delivery of future readiness support.
- (viii) **Strengthening awareness of the value add of the Fund's Readiness:** The Readiness Strategy 2027-2029 provides a distinct value-add through its structured, proactive approach to identifying and filling specific institutional gaps. The strategy bases programming on needs assessments to identify the unique, emerging technical assistance priorities of DAs and IEs. This results in highly differentiated delivery modalities, ranging from one-on-one technical clinics and virtual knowledge exchanges to region-specific engagements and peer-to-peer learning, ensuring support is precisely tailored to a country's specific stage of readiness. By strategically coordinating with global communities of practice and capacity-building networks maximizes impact, avoiding duplication of effort and ensuring that every intervention enhances complementarity across the broader climate finance landscape.

Readiness Strategy 2027-2029 Goals and Objectives

11. The Readiness Programme's goal under the Readiness Strategy 2027-2029 is guided by the Fund's vision, mission, and Theory of Change statement as stated in MTSII, including alignment with its respective strategic outcomes and cross-cutting themes. This goal is translated into action through key objectives and outcomes that are aligned with the MTSII strategic pillar outcomes, cross-cutting themes and respective targeted results.

Primary goal: Readiness Programme

By 2035, Adaptation Fund Implementing Entities (IEs), Designated Authorities (DAs), and other key stakeholders serve as agents of change and catalysts for innovative, locally led, concrete, and scalable adaptation action; enabled by the Fund's pioneering, strategically collaborative, and context-appropriate readiness and capacity-building support. This ecosystem fosters long-term, sustainable capabilities that ensure greater coherence across global climate efforts and deliver results-driven impact for the most climate-affected communities.

12. To align with MTSII and its intention to enhance and expand readiness and capacity building support, the key objectives of the Readiness Programme have been expanded from two to three primary objectives, as follows:

- a. **Objective 1:** Strengthen the capacity of national and regional entities to accelerate well defined, locally led, and scalable adaptation actions that meet applicable Fund standards and align with national priorities.
- b. **Objective 2:** Accelerate climate finance access by empowering IEs, both accredited and those seeking accreditation, through innovative readiness tools and capacity building.
- c. **Objective 3:** Partner with climate funds and stakeholders to harmonize support, enhance complementarity, and maximize the impact of readiness efforts across all levels.

Targeted audiences for capacity building and readiness support

13. The Readiness Strategy 2027-2029 seeks to address the contextual and emerging needs of a range of pertinent stakeholders to climate finance readiness at national, sub-national and regional levels; in accordance with MTSII.² This includes:

14. **Accredited NIEs, RIEs and entities seeking accreditation via Direct Access:** The Fund will continue its focus on enhancing the readiness of direct access entities to access its resources, including enhanced support for re-accreditation to the Fund.

- (i) **Adaptation Fund DAs:** The Fund will expand its readiness support and capacity building opportunities to DAs in a country-driven and tailored approach. The aim will be to support countries and regions to address challenges faced with awareness of the Fund and its opportunities, and coordination of climate finance readiness and access.
- (ii) **Indirect stakeholders:** In accordance with the expanded readiness approach, the Fund will seek to engage and support the participation of other stakeholders in its

² MTSII Paragraph 9: "To maximise impact, the Fund will also expand its existing Readiness Programme for Climate Finance towards a more comprehensive and iterative approach assessing needs and addressing gaps, including by expanding the scope of support and recipients to Designated Authorities, Executing Entities, local communities, women's organisations, youth, indigenous people etc. The Fund will also expand existing modalities for engaging local and vulnerable groups, including the local private sector where feasible, in the project cycle."

readiness and capacity building endeavours. These would include executing entities (EEs), civil society organisations, private sector entities, and other providers of readiness and capacity building support from the local to international level.

Readiness Strategy Theory of Change

15. A Theory of Change (ToC) (see Figure 4 for illustration) has been developed for the Readiness Strategy 2027-2029 and lays the foundations for its dynamic portfolio management approach and M&E framework. The Readiness Strategy Theory of Change (Annex A) is aligned with MTSII and the Fund's mandate and illustrates at a programmatic level the causal links amongst strategy specific outcomes and outputs, and the strategic pillars of MTSII. The Theory of Change statement is articulated in Box 2, below, followed by a high-level description of the three readiness-specific outcomes. Further details on the respective outputs associated with each outcome are included in Figure 4 (Readiness Strategy 2027-2029 Theory of Change).

Box 2. Readiness Strategy 2027-2029 Theory of Change Statement

Adaptation Fund Readiness Strategy 2027-2029 Theory of Change Statement

IF the Adaptation Fund provides agile, contextually tailored readiness support that accelerates direct access, builds long-term institutional capacity, and simplifies funding processes

THEN developing countries can dynamically address emerging needs to strengthen climate resilience and reduce vulnerability, aligned with Paris Agreement priorities

BECAUSE predictable and accessible support enables national and local institutions to build coordinated, country-led adaptation pipelines that channel finance to the most vulnerable local communities

Theory of Change Problem Statement

16. Developing countries lack predictable, coordinated, inclusive, and tailored capacity-building support that meets their diverse and evolving needs to effectively translate adaptation priorities into inclusive, locally led action. Further, they have limited awareness, face coordination barriers and persistent constraints in building long-term institutional capacity and accessing climate finance through direct access modalities. Developing countries, including LDCs and SIDS, also face coordination barriers that can limit effective access to and use of adaptation finance through direct access modalities.

Theory of Change Outcomes

17. To address the challenges identified, the Readiness Strategy 2027-2029 seeks to address developing countries' current and emerging capacity and readiness needs to successfully enhance their adaptive capacity, strengthen resilience, and reduce vulnerability to climate change through inclusive processes consistent with their adaptation needs and priorities under the Paris Agreement. The value-add of the Readiness Strategy is reflected in the ToC's clear causal logic:

targeted capacity-building investments strengthen national systems and institutional capabilities, which in turn enable countries to develop proposals, design, implement, and monitor higher-quality, country-driven adaptation projects and programmes, advancing both the GGA and national priorities. This system-level strengthening creates durable results that extend beyond individual projects and funding cycles. This is reflected through the following outcomes:

Outcome 1: Accredited NIEs and RIEs develop and implement high-quality adaptation projects which advance national priorities and contribute to their GGA priorities.

18. Developing countries lack predictable, coordinated, inclusive and tailored capacity-building support that meets their diverse and evolving needs to effectively translate their adaptation priorities into inclusive, locally led action. To enhance their technical and institutional capacity, the Readiness Strategy 2027-2029 introduces annual assessments of NIE and RIE capacity building needs and TA priorities, and evaluation of their own readiness activities to assess the emerging readiness gaps for NIEs, RIEs and DAs; iterates capacity building programmes (grant and non-grant) and climate finance readiness activities for DAs, accreditation applicants and accredited NIEs and RIEs; provides financial grant support to NIEs and RIEs; develops a monitoring system to monitor the Readiness Strategy; and develops various readiness materials including inclusive and accessible digital tools, frontier technologies, decision-support tools, and, where relevant and requested by countries, guidance to help stakeholders consider emerging approaches under the GGA and other relevant adaptation frameworks.

19. The review of capacity building programs and stakeholder needs, and feedback from stakeholders lead to adjustments to capacity building and climate finance readiness activities and provide tailored, context/demand-driven and stakeholder-specific training and capacity building support to DAs, accredited NIEs and RIEs and accreditation applicants. Accreditation applicants comply with fiduciary processes, ESP/Gender policies, the policy on safeguarding against sexual exploitation and abuse and sexual harassment (SEAH) as well as other Fund relevant policies, and DAs apply to transition from individual to organizational DAs. These activities are further supported by availability of readiness materials, digital tools and platforms that support stakeholders in strengthening national adaptation planning, monitoring and institutional systems, including, where appropriate and based on country needs, consideration of relevant elements of the evolving GGA framework and any agreed approaches or guidance under the UNFCCC process, engagement beyond a project approach, implementation of baseline studies and M&E systems developed at institutional level in countries. Institutional roles and coordination protocols across DAs, NIEs and RIEs are clarified. The monitoring system supports tracking of activities under the Readiness Strategy, review of progress, and identification of what is working well.

20. These technical and institutional capacity building activities and outputs lead to increased capacity of accredited NIEs and RIEs to develop adaptation project proposals and implement high-quality, locally led, and scalable adaptation projects and programs aligned with their national adaptation strategies and processes. Accreditation applicants have increased capacity to meet the Fund's fiduciary standards and DAs transition is implemented. NIE and RIE procurement, project endorsement process, and environmental and social risk monitoring and reporting are

improved. These lead to the achievement of outcome of Accredited NIEs and RIEs developing high-quality proposals and have capacity to implement good quality adaptation projects.

Outcome 2: Accreditation applicants (NIEs and RIEs) are aware of available accreditation-related readiness support, strengthen their capacity to achieve accreditation and subsequently access Adaptation Fund financing

21. Countries have limited awareness, and face coordination barriers and persistent constraints (such as building long-term institutional capacity) in accessing climate finance through direct access modalities.

22. The Readiness Strategy 2027-2029 facilitates implementation of the Adaptation Fund's communication strategy, in addition to conducting iterative tailored capacity building programmes (grant and non-grant) and climate finance readiness activities for DAs, accreditation applicants and accredited NIEs and RIEs, and providing financial grant support to IEs. Consequently, the stakeholders (such as DAs NIEs and RIEs) engage with Adaptation Fund's communication events/awareness raising events. Additionally, DAs, Accredited NIEs and RIEs and Accreditation applicants receive capacity building support, accreditation applicants comply with fiduciary process and ESP/Gender policies, and DAs apply for the transition from individual to organisation-level DAs.

23. These activities enhance access for DAs, Accredited NIEs and RIEs and accreditation applicants to readiness finance, including related resources, information which leads to the attainment of the outcome of accreditation applicants being aware, achieving accreditation and successfully accessing new and additional climate finance through active readiness and capacity building support.

Outcome 3: Strategic collaboration and coordination between the Adaptation Fund, other climate funds and partners empowers developing countries to address their adaptation needs.

24. ~~Whilst other developing countries are affected, LDCs and SIDS particularly face coordination barriers that limit effective access to and use of adaptation finance through direct access modalities.~~ The Readiness Strategy 2027-2029 ensures the secretariat's collaboration and coordination with different stakeholders through communities of practice and through formal collaboration agreements (Memorandum of Understanding (MoUs) or formal coordination mechanisms). This leads to dedicated communities of practice that facilitate peer learning about best practices and lessons learned, encouraging innovation through networking opportunities. This enables stakeholders to navigate the Fund's project life cycle and CPDAE is supported. These lead to formation of strategic partnerships, co-implementation of joint readiness initiatives with other climate funds and sources of climate finance, that provide readiness and capacity building support and scaling up of that support. These activities further lead to broadened stakeholder engagement, and enhanced knowledge exchange between IEs, in-country stakeholders, Adaptation Fund, other climate funds and partners about Fund's readiness project cycle, its funding opportunities and other funding opportunities from other funds and about developing and implementing adaptation proposals. It also leads to enhanced complementarity

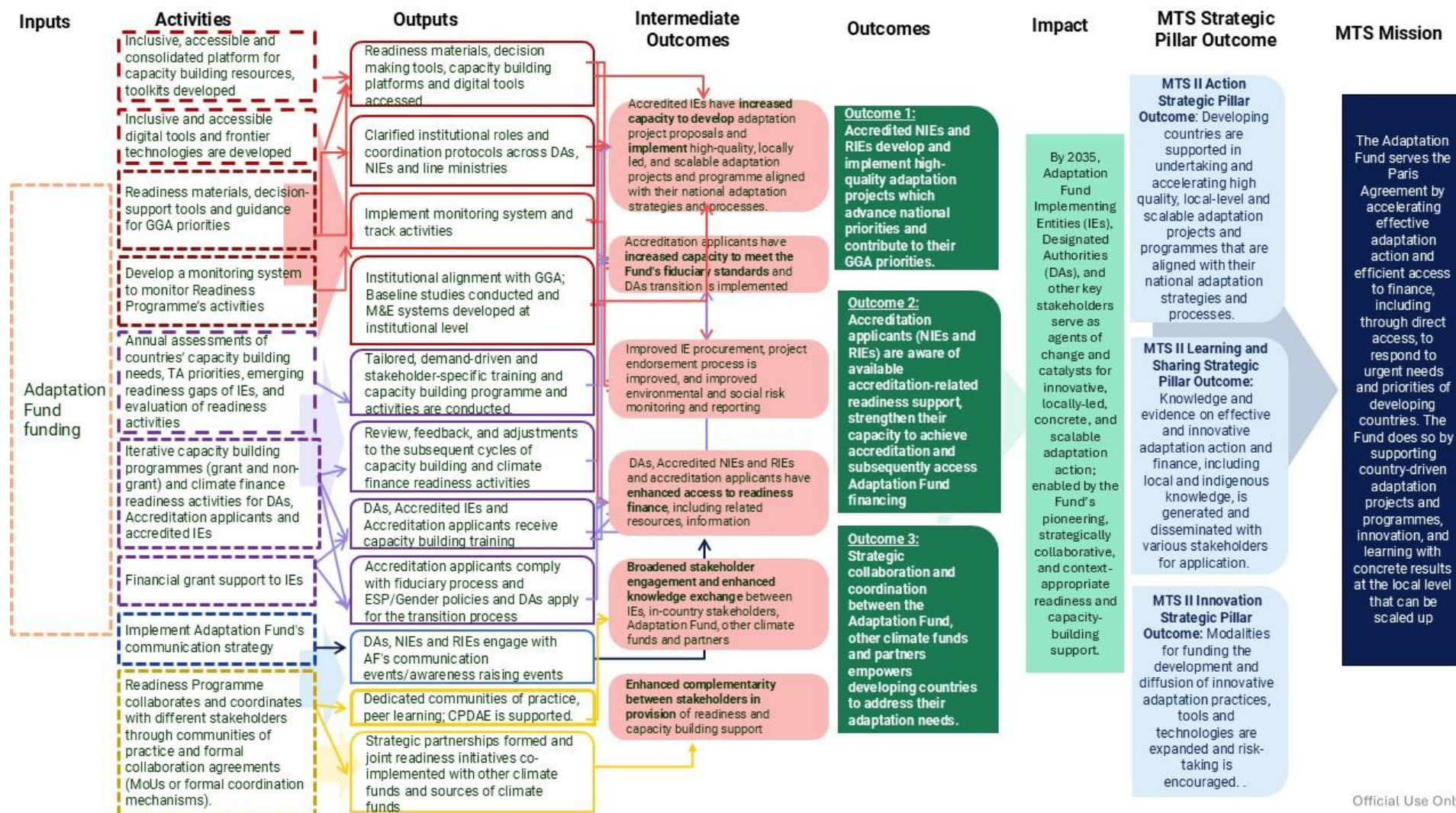
Commented [A3]: I am not quite sure why this sentence is added here, considering the rest of the paragraph does not target LDCs and SIDS specifically. Either the rest is about LDCs and SIDS and this is made explicit, or it is not about LDCs and SIDS and therefore this first sentence is unnecessary, because it is not adding any relevant context.

Commented [A4R3]: Agreed. The initial reference to LDCs and SIDS has been deleted for consistency.

AFB/B.47/8

between stakeholders in provision of readiness and capacity building support. This outcome of strategic collaboration between the Adaptation Fund, other climate funds and partners, empowers developing countries to address their adaptation needs.

Figure 4: Readiness Strategy 2027-2029 Theory of Change



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Annex II (Clean Version): Readiness Funding Windows

25. The readiness funding windows outlined in this strategy aim to comprehensively address accreditation-related gaps, support accredited NIEs in maintaining active accreditation status, and strengthen institutional and technical capacities throughout the Fund's project life cycle. The funding streams under respective funding windows are designed as a coherent continuum of support, rather than as separate, stand-alone instruments. Funding streams that follow a shared institutional logic, for example, strengthening technical and thematic systems, or supporting entities across the accreditation continuum, are grouped as sub-components of a broader funding window. This approach builds on and reinforces existing ESP and GP support, while encompassing other relevant Fund policies such as the policy on Sexual Exploitation, Abuse and Harassment (SEAH). It also provides a more streamlined legal and implementation framework and reduces reporting requirements during operationalization. The funding streams include:

- Support for Designated Authority capacity and national coordination
- Comprehensive and responsive support to entities navigating the Fund's accreditation process
- Structured pre-project approval support providing targeted readiness support to implementing entities;
- Post-project approval support for effective project implementation; and.
- Post-implementation support for project scale-up

26. The funding streams culminate into three readiness funding windows as follows:

- A. Support for Designated Authority Capacity and Country Programming
- B. Technical Assistance for Institutional Strengthening
- C. Support for Project Scale-up

27. The proposed funding windows under the Readiness Strategy 2027–2029 are outlined below and reflect feedback obtained from relevant stakeholders through a survey as well as the Secretariats own comprehensive review. Following Board approval of the Readiness Strategy, the implementation modalities for all proposed new readiness grants, including the eligibility, access, and review criteria, will be further elaborated. The resulting modalities and implementation arrangements will subsequently be presented to the Board for its consideration and approval before the new grants are operationalized.

A. Support for Designated Authority Capacity and Country Programming [New] – Includes support for NIE identification and selection, in-country coordination, adaptation pipeline development, and national monitoring frameworks. Delivery channels to be further explored in consultation with the Trustee and be brought back to the Board for its consideration at its forty-eighth meeting.

28. It should be noted that the Fund's Designated Authorities (DAs) frequently operate across multiple climate funds, most notably as GCF National Designated Authorities as well Global

Environment Facility (GEF) Focal Points. As such, development of the modalities under this grant will take into consideration support provided by other climate funds and partners, with a view to ensuring complementarity and avoiding duplication. The grant will be developed with due consideration of the broader capacity building landscape for national focal points so that the Fund's support is complementary rather than duplicative and reinforcing instead of overlapping with existing capacity building support from other climate funds. The Fund's support will therefore be anchored on its distinct value proposition below:

Maximum allocation: \$350,000, provided once over a three-year period.

Recipients: DAs

Value proposition

29. By strengthening DAs' capacity to transparently select high-quality National Implementing Entities (NIEs), coordinate national stakeholders, and prioritize fundable adaptation investments, this funding window addresses critical upstream bottlenecks to Direct Access, improving accreditation outcomes, accelerating fundable adaptation pipelines aligned with national priorities, and reinforcing country-driven monitoring frameworks that may draw on relevant GGA-related approaches as they evolve.

30. The funding impact compounds: Stronger DA capacity enables better NIE selection, stronger national coordination, higher-quality project pipelines, more fundable adaptation proposals, an expanded and more sustainable Adaptation Fund portfolio that responds to national adaptation priorities and evolving international adaptation frameworks.

31. **Availability:** Funding would be available for the duration of the strategy, i.e. 3 years, and the DA has the option to request all of it in one tranche or in 2 tranches of \$175,000 each over the course of the 3 years. Consistent with the practice applied to other new grants under the Fund, the proposed grant will be delivered within an annually capped funding envelope. With each request the DA would specify the activities the grant would be used for, and activities and related funding for NIE applicant screening and selection would terminate upon the submission of a complete application for accreditation to the Secretariat. ~~A delivery channel~~ **Delivery channels** to be explored ~~includes include~~ making the grant available via multilateral development bank intermediaries which would facilitate access in the regions, **signing MOUs directly with DAs and other channels to be explored in consultation with the Trustee.** This would follow a similar approach to the current innovation and LLA funding window aggregators.

32. **Eligibility:** (NIE selection) Eligible applicants are DAs from developing countries that currently do not have an accredited NIE and are seeking to pursue the Direct Access modality. To qualify, the DA must demonstrate the institutional mandate to oversee a merit-based screening process for up to two potential national candidate institutions.

(In country-coordination and pipeline development) The funding window is open to DAs from countries seeking to bridge the gap between policy planning and project pipeline development. Eligible DAs are those currently managing or developing a portfolio of adaptation projects who

Commented [A5]: Is the Fund exploring other possible channels as well?

Commented [A6R5]: It is true that other channels will also be explored. The sentence has been revised to reflect this aspect.

Commented [A7]: I suggest some formatting changes because the current format is confusing and not aligned with the format of the following section on purpose.

Commented [A8R7]: Noted. The inconsistency in formatting in paragraphs 31 and 32 has been addressed.

can demonstrate a need for enhanced technical capacity in evaluating fundable projects and NIEs.

Figure 5: Readiness funding support areas (DA responses) [NIE Selection]

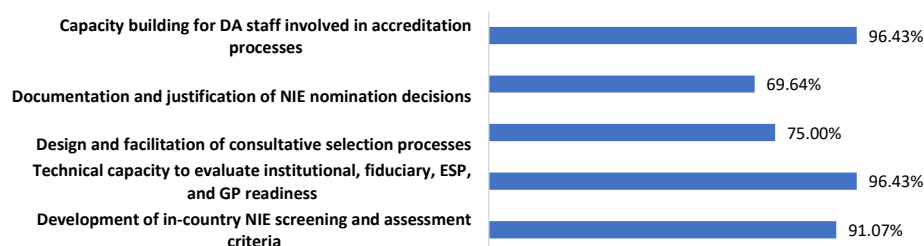
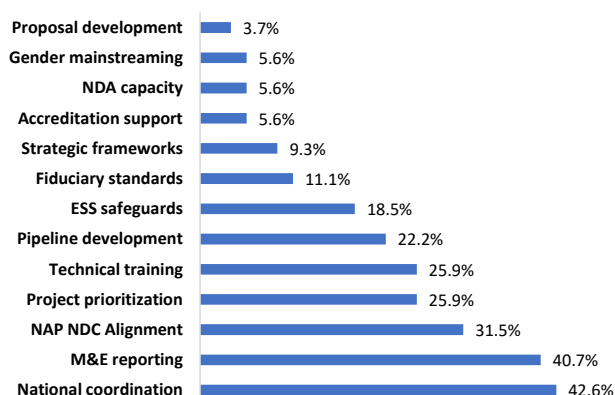


Figure 6: Readiness funding support areas (DA responses) [Pipeline and coordination]



33. **Purpose:** [NIE Selection] This funding stream addresses bottlenecks by allowing DAs to select NIEs through a standardized and institutionalized system. DAs can use this funding to establish a clear pre-accreditation framework to assess NIEs by developing standard operating procedures, objective eligibility rubrics, and transparent scoring checklists. Instead of discovering institutional weaknesses during the formal review phase, which often leads to considerable delays, the funding allows for in-depth screening. This proactive approach identifies technical, fiduciary, and safeguard gaps early, providing the resources needed to fix these shortcomings before a formal application is submitted. By ensuring that well-prepared candidates enter the pipeline, the funding functions as a critical risk-mitigation tool that accelerates progress toward accreditation and reduces overall administrative burden.

[Pipeline and coordination] This funding stream addresses several interrelated institutional and technical gaps to move countries from theoretical climate planning to project implementation. Countries report a lack of formal inter-ministerial coordination and standardized procedures for project endorsement, which results in fragmented efforts and a lack of institutional memory. This

funding could formalize the roles of various ministries and ensure that project selection is based on data-driven scoring through a streamlined process. On a technical level, DAs could use the funding to translate national policies (such as NAPs) into measurable indicators, and for the creation of MEL handbooks and digital portals that track project performance against metrics related to the Global Goal on Adaptation. The funding targets the fundability of proposals, which remains a significant bottleneck in the project pipeline. This ensures that the climate rationale of a project is technically robust enough to pass the rigorous review of the Adaptation Fund Secretariat.

Key grant activities

National coordination: Streamline national coordination between focal points to improve project endorsement processes.

Pipeline development: Develop project pipelines specifically aligned with GGA indicators, NAP implementation, and NDC.

Monitoring frameworks: Establish national monitoring frameworks and systems aligned with GGA-related indicators to track how endorsed projects contribute to broader adaptation goals.

Capacity building: Enhance country capacity to set up structures for project prioritization and understanding how DAs endorse projects to move toward evidence-based prioritization.

Candidate selection: Build DA capacity for in-country screening, assessment, and selection of the most suitable NIE candidates (up to 2 per country).

Technical evaluation: Run competitive RFPs or workshops to conduct technical self-evaluations of candidate institutions against AF fiduciary, ESP, GP, SEAH and other relevant Fund policies.

Merit-based nomination: Ensure the selection of candidates is based on technical merit rather than political motivation to ensure only viable entities enter the pipeline.

B. Technical Assistance for Institutional Strengthening

34. The Technical Assistance for Institutional Strengthening funding window will build upon the existing ESP and GP grant programme support and encompass new policies like SEAH, to provide tailored support to national and regional institutions across the accreditation continuum, from preparing for accreditation to strengthening the sectoral systems of accredited entities and addressing performance gaps that could affect continued accreditation. Support under the funding window will be delivered through three complementary sub-components, each with distinct objectives, eligibility requirements, access triggers and funding ceilings. Together, the sub-components will strengthen institutional policies, systems, procedures and staff capabilities necessary for effective Direct Access and the development and implementation of high-quality adaptation projects and programmes.

35. A snapshot of the sub-components is provided below:

Sub-component	Institutional Stage	Primary function	Access trigger
1. Accreditation Readiness Support	Pre-accreditation	Builds the institutional capacity needed to meet accreditation requirements	Accreditation application enters the designated review stage
2. Sectoral Systems Strengthening	Post-accreditation including during project implementation	Embeds Fund requirements within entity-specific sectoral systems and project-development processes, including ESP, GP and SEAH	Accredited entity demonstrates a sector-specific institutional capacity gap
3. Accreditation Continuum	Accreditation maintenance	Addresses performance and institutional gaps affecting the maintenance of an active accreditation status	Secretariat-led IE performance monitoring, coordinated with the Accreditation Panel's review, identifies an institutional performance gap

36. It should be noted that Sub-component 1 which enhances the existing Readiness Package will focus strictly on systems required to achieve accreditation, whilst Sub-component 2 on Sectoral Systems Strengthening will focus on operationalizing those systems within specific sectors after accreditation.

37. The sub-components therefore do not support the same activities or duplicate support. They provide differentiated but mutually reinforcing assistance at successive stages of institutional development. Their clustering under one window will facilitate more coherent access arrangements, coherent and streamlined legal agreements, implementation, monitoring and reporting, while retaining separate eligibility requirements, funding ceilings and assessment criteria.

Sub-component 1: Accreditation Readiness Support [Existing and Enhanced]

38. This sub-component will enhance the existing Readiness Package Grant. It will support applicant NIEs in addressing institutional and technical requirements for accreditation. As under current arrangements, the grant will continue to be accessed through accredited Implementing Entities, while applicant NIEs navigating the accreditation process will remain its ultimate

beneficiaries. Consistent with its existing design, Sub-component 1 will continue to promote South–South cooperation and peer-to-peer support, helping applicants strengthen policies, systems and procedures, address gaps identified during accreditation screening, and navigate the Accreditation Panel review process.

Maximum allocation: \$250,000 per NIE applicant

Recipients: NIE applicants navigating the Fund's accreditation process.

Value proposition

39. By providing targeted support to NIE applicants, this sub-component builds institution-wide capacities rather than one-off fixes. It speeds accreditation, strengthens institutional readiness for Direct Access and addresses technical barriers to accreditation while embedding standards that make future proposals fundable from the outset.

40. The ripple effect carries downstream: Stronger institutional systems and policies enable faster, higher-quality accreditation outcomes, more capable national implementing entities, expanded pipelines of fundable adaptation projects, stronger country ownership and a larger, more sustainable Adaptation Fund portfolio aligned with national adaptation priorities.

41. **Availability:** Funding under Sub-component 1 would be available on a rolling basis as and when an NIE applicant requests it.

42. **Eligibility:** The entity must have been nominated by the Adaptation Fund DA and must be on the official Adaptation Fund accreditation workflow. This sub-component will be triggered after the Secretariat completes screening and the accreditation application is handed over to the Accreditation Panel. The funding is available as a once off allocation per NIE.

Figure 7: Sub-component 1 support areas (IE Responses)



43. **Purpose:** Sub-component 1 aims to advance direct access in developing countries and promotes the accreditation of NIEs. It also lays the groundwork for developing a standardized,

institution-wide framework for climate adaptation. While many organizations maintain overarching policies, they often lack the sector-specific operational guidance necessary to translate high-level safeguards into practical, project-level requirements. By institutionalizing these capacities, the sub-component reduces transaction costs and eliminates the need to reinvent risk-screening, fiduciary and gender-mainstreaming protocols for every new proposal. By developing tools that utilize measurable, data-driven indicators, institutions can ensure that every proposal is fundable from the outset. This focus on future readiness ensures that the transition from accreditation to implementation is seamless, minimizing the likelihood of technical corrective-action requests or prolonged review cycles. NIEs can use Sub-component 1 to recruit fiduciary, governance and other experts to navigate the accreditation process to effectively address technical gaps and challenges, complete the process and obtain accreditation with the Fund.

Key activities

- **Policy development:** Development and strengthening of key policies, systems, and procedures (ESP, Gender, SEAH, Results Frameworks), to enable NIE candidates to navigate the accreditation process faster.
- **Address specific gaps** from initial screening, translate documents, and set up PMU/committees to navigate the panel review.

Sub-component 2: Sectoral Systems Strengthening [New]

44. This sub-component will support accredited NIEs and RIEs in translating the Fund's policies and requirements into institutionally adopted, sector-specific manuals, procedures, tools, data arrangements and staff capabilities. It will enable entities to move from project-by-project compliance toward consistent institutional systems for developing and implementing adaptation interventions in sectors within their mandates.

45. **Maximum allocation:** Up to \$25,000 [per sector](#), subject to a maximum cumulative ceiling of \$60,000 per entity during the 2027–2029 strategy period. It is proposed that funding under this sub-component be made available via a tiered approach enabling up to \$25,000 for one sector, \$45,000 for two sectors and \$60,000 for three sectors, thereby reflecting shared institutional costs.

Recipients: Accredited NIEs and RIEs

Value proposition

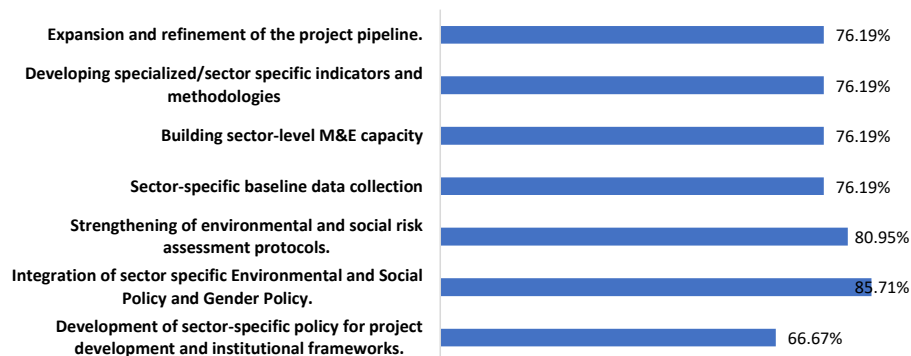
46. Sub-component 2 will fund one-off sectoral manuals that embed the Fund's Environmental and Social Policy, Gender Policy and Policy on SEAH into proposal design. Where requested by countries and consistent with the Fund's mandate, the manuals may also incorporate relevant GGA-related approaches. This support will strengthen organization-wide systems, enabling accredited NIEs and RIEs to move beyond project-by-project compliance towards consistently high-quality project development while reducing transaction costs and duplication of effort.

47. **The ripple effect compounds:** Stronger institutional systems enable more consistent project design, higher-quality and more fundable proposals, as well as expanded and more sustainable Adaptation Fund project portfolios aligned with national adaptation priorities.

48. **Availability:** Funding under this sub-component will be available on a rolling basis to NIEs and RIEs following successful accreditation. It may be accessed during project or programme development or implementation where the proposed activities strengthen institution-wide sectoral systems and are additional to, and do not duplicate, activities financed under an existing project or programme.

49. **Eligibility:** Accredited NIEs and RIEs that demonstrate a need to institutionalize sector-specific systems, procedures, guidance, tools or data-management arrangements. Applicants must demonstrate an institutional mandate or credible pipeline in the relevant sector, explain how the outputs will be formally adopted and applied across the institution, and confirm that the proposed activities do not duplicate support financed through an existing project, programme or readiness grant.

Figure 8: Sub-component 2 support areas (IE responses)



50. **Purpose:** Sub-component 2 will support accredited NIEs and RIEs in moving from project-by-project compliance towards institution-wide systems for developing and implementing adaptation projects in specific sectors. It will enable entities to incorporate the Fund's Environmental and Social Policy, Gender Policy and policy on SEAH into sector-specific manuals, procedures, operational guidance, data-management arrangements and project-development tools. Where requested by countries and consistent with the Fund's mandate, support may also integrate relevant GGA-related approaches. Recognizing the diverse mandates, institutional types and national contexts of accredited entities, support will be tailored to their sectoral responsibilities and capacity gaps. By standardizing processes, strengthening sector-specific data and baselines, and embedding Fund requirements in project formulation, the sub-component will reduce duplicated effort, improve project quality and consistency, strengthen governance and accountability, support scalable project pipelines, and contribute to continued accreditation.

Key activities

Developing entity-specific sectoral manuals, policies, procedures and operational guidance.

Translating ESP, GP and SEAH requirements into practical sector-level screening, design, implementation and monitoring procedures.

Developing standardized project-development templates, checklists and quality-assurance tools.

Establishing sector-specific data-management protocols, indicators and evidence-based baseline methodologies.

Training staff and piloting, reviewing and refining the resulting tools and systems.

Sub-component 3: Accreditation Continuum Support [New]

51. It should be noted that the modalities for this sub-component will be finalized following the Adaptation Fund Board's consideration of the proposed continuous accreditation model. Sub-component 3 will provide targeted assistance to accredited NIEs to address material institutional or performance gaps identified through Secretariat monitoring and Accreditation Panel review that could affect continued accreditation. Support may be used to strengthen governance, fiduciary controls, procurement, monitoring and evaluation, risk management, reporting systems and related staff capabilities.

Maximum allocation: \$150,000 per accredited NIE

Recipients: NIEs undergoing reaccreditation.

Value proposition

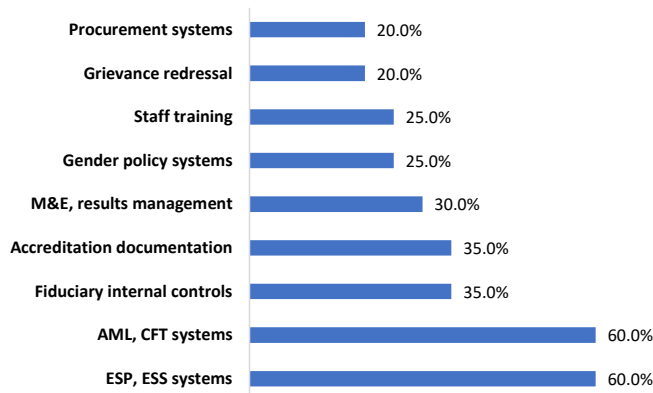
52. This sub-component safeguards the continuity of Direct Access by enabling accredited NIEs to address performance gaps identified during implementation, strengthening their long-term institutional effectiveness.

53. The ripple effect is portfolio stability: Stronger institutional performance and governance enables successful sustenance of accreditation, continued access to Adaptation Fund resources, sustained development and implementation of high-quality adaptation projects and a stronger, more resilient national Adaptation Fund portfolio aligned with national adaptation priorities.

54. **Availability:** Funding under this sub-component would be available on a rolling basis as and when an entity is flagged to receive such support by the Accreditation Panel.

55. **Eligibility:** Triggered by red flags in monitoring, for instance, failure to submit quality M&E reports on time). The Secretariat Results Impact and Knowledge (RIK) team flags the entity, based on PPR reviews passed on to the Accreditation Panel, which further decides whether full or partial reassessment is required and identifies focus areas for the IE to maintain active accreditation.

Figure 4: Sub-component 3 support areas (IE Responses)



56. **Purpose:** Sub-component 3 offers NIEs a pathway to maintain eligibility by pre-emptively addressing expected roadblocks during the re-accreditation cycle. By focusing on addressing performance-based gaps identified during project implementation, NIEs can expect to gain a more streamlined and predictable re-accreditation process, reducing the turn-around time and preventing the diversion of staff bandwidth away from active project implementation. Through this sub-component, NIEs can strengthen internal governance and accountability frameworks. This systemic upgrade addresses specific gaps flagged by the Accreditation Panel and prepares the entity to manage larger, more complex adaptation projects.

Key activities

- **Address specific gaps and fix systemic reporting or fiduciary weaknesses** identified by the panel through targeted capacity building.
- **Systems development and staff training:** Improve internal IT, financial tracking systems, and procurement policies for better project reporting and procurement management.
- **M&E strengthening:** Develop M&E systems, including specialized training for M&E staff to improve compliance with Adaptation Fund standards as well as post project evaluations.
- **Risk monitor:** Build systems for environmental and social risk monitoring and reporting to reduce implementation risks.

57. It should be noted that there are key distinct features that distinguish Sub-component 2 (Sectoral Systems Strengthening) and Sub-component 3 (Accreditation Continuum Support) to strengthen complementarity and avoid duplication. These features are presented below.

Feature	Sectoral Institutional Strengthening Grant	Accreditation Continuum Grant
Nature	Proactive capacity strengthening	Corrective or remedial support

Trigger	Entity identifies a sectoral systems gap	Accreditation Panel and Secretariat monitoring process identifies a performance gap
Timing	During active accreditation	During accreditation reassessment processes
Focus	Institutionalizing systems and improving project pipelines	Addressing specific weaknesses affecting accreditation status
Access	Entity-initiated	Performance or review-triggered

C. Support for Project Scale-up (NIEs and RIEs) [Existing and Enhanced]

58. The support for Project Scale-up is an existing grant that will be enhanced to improve its relevance to implementing entities and its effectiveness in supporting the scaling up of successful activities and approaches demonstrated through funded projects and programmes. The enhanced funding window will provide more responsive support for developing the evidence, technical work, partnerships and institutional arrangements needed to expand proven adaptation interventions and their impact.

Amount: \$300,000 per project to be scaled up.

Recipients: Accredited NIEs and RIEs

Value proposition

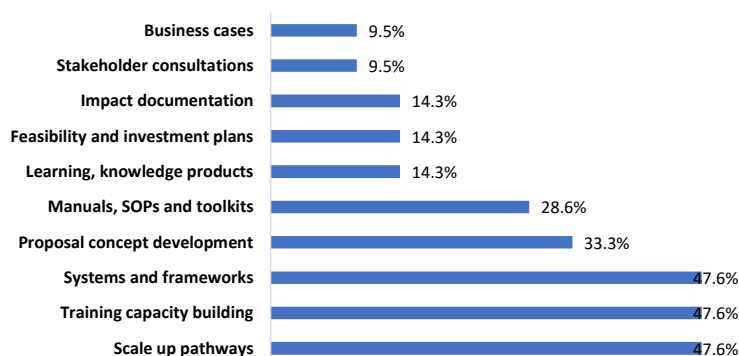
59. This funding window addresses critical barriers to expanding proven interventions. It closes the gap between proven successful adaptation projects and programmes and large-scale climate impact by giving accredited NIEs and RIEs dedicated resources to scale up activities that have already demonstrated results with the Fund.

60. By strengthening technical evidence and institutional capacity, the funding window creates the conditions to sustain and extend the impact of existing projects.

61. **Availability:** The funding window is available on a rolling basis as and when needed for each project based on eligibility criteria for the project.

62. **Eligibility:** NIEs that have tangible achievements on their project/programme with the Fund and are nearing completion as evidenced by the submission of at least two project performance reports for projects with a life span of less than 4 years, or a mid-term evaluation/review for projects with a life span of more than 4 years or have completed implementation as demonstrated by the submission of the project/programme terminal evaluation report.

Figure10: Readiness funding support areas (IE responses)



63. **Purpose:** This funding window is to bridge the gap between initial project success and large-scale climate impact by addressing the scale up process. This includes support for 1) project ideation and development, 2) aligning IE policies and practices with the Fund's requirements, and 3) addressing technical and capacity needs.

64. NIEs have indicated a lack of standardized scale-up frameworks and pathways, leading to fragmented implementation and lost institutional memory. The assistance targets the specific analytical hurdles that stall proposals for scale-up. The funding window addresses these institutional gaps by ensuring supporting project/programme planning, design and development for scaling up completed or ongoing successful projects, *whether funded by the Adaptation Fund or other mechanisms*. The funding window is expected to enable expansion or replication of concrete adaptation activities. NIEs frequently face constraints in performing the analyses (such as vulnerability assessments, feasibility studies, socio-economic studies, cost-effectiveness studies) required for expanded operations, as well as the climate risk assessments needed for new geographies for expansion. The window offers dedicated resources to be deployed to conduct technical studies, engage with relevant stakeholders and conduct internal capacity-building trainings. Moving to a scaled-up project rollout is costly and data-intensive, and this support facilitates the gathering of evidence needed to demonstrate value-for-money. This funding window could allow proven interventions to translate to programmatic, multi-sector, or even multi-country investment concepts.

Key grant activities

Technical studies such as vulnerability assessments, feasibility studies, socio-economic studies, cost effectiveness studies, etc.

Pipeline expansion: Project concepts/strategies or full proposal documents for scale-up.

Institutional capacity: Trainings to strengthen institutional capacity to report on results and indicators and bridge the gap between small-scale readiness and full-scale implementation.

Potential funding exposure for the proposed readiness funding windows

65. Under a maximalist scenario in which every eligible NIE, RIE and DA accesses the maximum funding available, the proposed funding windows could generate commitments of approximately US\$103 million over 2027–2029, equivalent to approximately US\$35 million annually. This represents a theoretical commitment ceiling rather than a forecast of expected demand, as it assumes full, simultaneous uptake across all funding windows, a pattern the Readiness Programme has historically never approached. It is presented solely to establish the upper bound of the Fund's potential readiness commitments.

66. Actual access during FY2023–FY2025 was limited to six readiness grants, two in FY2023, one in FY2024 and three in FY2025. All six were Readiness Package Grants and no Technical Assistance Grants or Project Scale-up Grants were approved during this period. Extrapolating this historical annualized access rate of approximately 6 per cent forward would imply annual commitments of approximately US\$2 million under the proposed funding windows.

67. However, it is not recommended to apply the historical rate uniformly across all proposed funding windows. The six-grant historical base relates to a single readiness grant and provides no direct evidence of likely demand for the proposed new or enhanced funding streams. A higher planning assumption is nevertheless reasonable because the strategy seeks to reduce identified access barriers through streamlined application and legal arrangements, broader eligibility, more relevant forms of support and the grouping of related activities under coherent funding windows. However, uptake may still be constrained by entity demand, application capacity, eligibility requirements, review timelines and implementation readiness, consistent with issues identified by the AF-TERG readiness evaluation.

68. Given the limited historical evidence, and considering the above issues, resource requirements could be considered using the following scenarios:

Scenario	Assumed uptake	Approximate annual commitment	Planning purpose
Conservative	6%	US\$2 million	Reflects the recent historical trend
Base case	10%	US\$3.5 million	Accounts for a moderate increase resulting from the strategy's reforms
Upper planning case	15%	US\$5 million	Provides flexibility if demand grows more quickly than anticipated
Maximalist ceiling	100%	US\$35 million	Indicates maximum potential exposure only

69. It is recommended that the Board use the **10 per cent base case which implies approximately US\$3.5 million annually as the initial resource-planning assumption**, while allowing for annual commitments of up to approximately US\$5 million if demand is stronger than expected. It is also recommended that the forecast be reviewed after the first year of implementation and adjusted based on actual applications, approvals and implementation capacity. The higher ceilings proposed under some funding streams could increase the value of individual commitments, but actual uptake will need to be established through implementation experience.

Annex III (Clean Version): Implementation Plan

70. Through Decision B.42/43, the Adaptation Fund Board directed the Secretariat to integrate two parallel processes: a comprehensive review of the existing Readiness Programme led by the Secretariat and an evaluation of the same programme carried out by the Technical Evaluation Reference Group (TERG). The objective of this consolidation is to develop a single, cohesive proposal for a Readiness Strategy 2027-2029 that expands scope and eligibility, delivers demand-driven and tailored support, strengthens partnerships, and assesses options for broadening technical assistance grants for national and regional implementing entities.

71. **The dynamic readiness portfolio management approach and iterative implementation cycle of the Readiness Strategy 2027-2029 will include a process of assessing, reviewing and adjusting readiness and capacity building activities on an annual basis.** It is anticipated that adjustments to activities will be required after the first year of implementation to ensure that the ambition of the cyclical implementation approach is realised. The Year 1 budget includes a modest increase over the previous period to align financial resources with the scope of work, newly defined outcomes, and key recommendations from recent evaluations. **The annual budget is expected to fluctuate as per the iterative nature of the Readiness Strategy 2027-2029 implementation but is capped at \$856,500 for implementation of activities in Year 1.** Subsequent implementation will be informed by annual assessments, data analyses and reviews. The Fund will seek to leverage the annual budget by engaging other climate funds under the UNFCCC and Paris Agreement to enhance coordination, complementarity, and long-term planning and capacity and capability strengthening through joint activities where feasible. This is also reflected in the strategy activities.

72. The Board's decision to establish Readiness Strategy 2027-2029 comes at a time when the Fund's network of accredited entities has grown to 64 implementing entities, including 41 NIEs and 9 RIEs spanning 18 entities in Africa, 14 in Asia and the Pacific, and 18 in Latin America and the Caribbean, and accreditation applications more than doubled from 21 to 46 in 2025 alone. Delivering on this expanded mandate with the current staffing complement poses capacity challenges for the Secretariat.

73. The TERG evaluation of the existing Readiness Programme underscored the need for systematic regional mapping, sustained use of data and regular analytical assessments to inform programming, and more tailored, context-specific support for entities at different stages of accreditation and project development. These needs are expected to become more pressing following the increase in the Fund's country cap to US\$40 million and the COP30 Global Mutirão decision calling for the tripling of adaptation finance by 2035. These developments expand the scale of engagement expected through readiness support across all regions. Strengthening regional support will therefore be important to help developing countries and entities identify capacity gaps, develop stronger project pipelines, and effectively access and programme increased adaptation finance.

74. To respond to these developments, the strategy proposes that the Secretariat assess, during implementation, the most effective approach to strengthening regional support capacity. This assessment would consider implementation experience, demonstrated regional needs, workload, available resources, and applicable World Bank policies and procedures. It would examine a range of possible modalities, including, among others, regional advisors and other staffing or contracting arrangements consistent with World Bank policy. Any arrangement adopted would aim to support more sustained engagement with implementing entities and Designated Authorities, improve monitoring of institutional capacity trends, and enable readiness support to be tailored to regional and country-specific circumstances.

75. Based on this assessment, the Secretariat will bring forward a recommended approach for consideration. Regardless of the modality proposed, the objective would be to strengthen the Fund's capacity for sustained, context-specific engagement with implementing entities, DAs and other Fund stakeholders across regions, so that limited financial resources are translated into measurable adaptation outcomes for developing countries.

76. At the conclusion of the implementation period of the Adaptation Fund Readiness Strategy 2027-2029, an independent evaluation will be undertaken to assess its effectiveness, relevance, efficiency, and impact in achieving its strategic objectives. The findings and recommendations of the evaluation will inform the Adaptation Fund Board's consideration of the future direction and design of a subsequent Readiness Strategy, including alignment with the Fund's Medium-Term Strategy and evolving country needs and priorities.

Table 1. Readiness Strategy 2027-2029 implementation plan for year one

RP Outcome	Strategic Investment Area	Related Output	Key Activities for Year 1
Outcome 1* & 2**	Tailored, Capacity Building and Training for IEs – Accredited IEs have increased capacity to develop and implement high-quality adaptation projects and programs aligned with their national strategies and priorities	Tailored, demand-driven and stakeholder-specific training and capacity building programmes and activities are conducted DAs, Accredited IEs and Accreditation applicants receive capacity building training Accreditation applicants comply with fiduciary process and ESP/Gender/SEAH policies and DAs apply for the transition process	Regional write-shops, IE typology-based webinars, accreditation training, NIE seminars, targeted training and capacity building for DAs
	Capacity Building Products and Digital Tools	Readiness materials, decision making tools, capacity building platforms and digital tools accessed	Readiness toolkits, GGA guidance dissemination, DA accreditation toolkit, digital platforms
Outcome 1, 2 & 3***	IE Peer Exchanges and Communities of Practice – Improved IE processes for procurement, project endorsement, and environmental and social risk monitoring and reporting	Institutional alignment with GGA, Dedicated communities of practice and IE exchanges supported	SIDS/LDC global event, IE country exchanges, CPDAE support.
Outcome 2	RP Monitoring, Learning and iterative Strategy Improvement	Strategy activities tracked and monitoring system implemented,	Annual capacity and TA needs assessments by region, strategy review and feedback loops
Outcome 3	Strategic Partnerships and Readiness Ecosystem Mapping – Broadened stakeholder engagement is supported, and complementarity between providers of readiness and capacity building support is enhanced	Strategic collaboration and implementation of joint readiness initiatives with other climate funds and providers of readiness and capacity building support enhanced	Mapping readiness providers, developing joint activities with other climate funds and providers of readiness and capacity building support

*Accredited IEs develop and implement high-quality adaptation projects which advance national priorities and contribute to their GGA priorities

**Accreditation applicants (IEs and RIEs) are aware of available accreditation-related readiness support, strengthen their capacity to achieve accreditation and subsequently access Adaptation Fund financing

***Strategic collaboration and coordination between the Adaptation Fund, other climate funds and partners empowers developing countries to address their adaptation needs

Annex IV (Clean Version): Monitoring Framework

77. The Secretariat will monitor the Readiness Strategy 2027-2029 implementation progress through the Fund's Annual Performance Report, as a part the continuous and iterative implementation cycle, and ensuring alignment with the Fund's Strategic Results Framework (SRF).

78. The RP monitoring framework is designed to align with and support the Fund's SRF by tracking how readiness and capacity-building activities strengthen the institutional systems that enable countries to access and implement adaptation finance. While the SRF measures the results and impacts of Adaptation Fund projects and programmes at the portfolio level, the readiness monitoring framework focuses on upstream outcomes such as improved institutional capacity, stronger project pipelines, expanded direct access, and enhanced collaboration. The results generated through readiness activities—such as higher-quality project proposals, newly accredited entities, and strengthened national systems—feed into the SRF by enabling more effective project implementation and contributing to the Fund's overall adaptation outcomes and impacts.

79. Given the iterative nature of the Readiness Strategy 2027-2029, portfolio management will prioritize 'internal reflection points,' specifically analyzing how readiness support directly improves the quality and compliance of subsequent project proposals. This approach allows for a dynamic portfolio where activities are adjusted annually based on real-time feedback from implementing entities and partners. By keeping Output indicators high-level, the framework remains flexible enough to capture and learn from demand-driven activities without requiring a heavy, standalone MEL infrastructure.

80. Table 2, below, details the Readiness Strategy 2027-2029 monitoring framework with outcomes and respective indicators that will be reported on through the annual reporting cycle, including the indicative sources of data. The monitoring framework provides the core structure around which to measure the achievement of results. It provides a foundation which will allow the logic of the strategy to be tested and adjusted where evidence suggests this is necessary. The outcomes indicated in the M&E framework are intended to be high-level to allow for the inclusion of demand-driven, and context-specific activities that emerge through the dynamic, cyclical implementation approach.

81. The Readiness Strategy's monitoring framework serves as a foundational tool for the independent evaluation to be undertaken at the end of the strategy's implementation period, providing a structured basis for tracking progress, measuring results, and capturing evidence of change throughout the implementation cycle. The data and information systematically collected through the monitoring framework will feed directly into the independent evaluation, enabling a comprehensive and evidence-based assessment of the strategy's overall performance and impact. In turn, the findings and recommendations emerging from this independent evaluation will serve as a key input to inform the Board's consideration of a new Readiness Strategy, which will be developed in alignment with the Fund's Medium-Term Strategy to ensure strategic coherence

AFB/B.47/8

and a coordinated approach to supporting developing country readiness and capacity building needs.

Table 2. Readiness Strategy 2027-2029 outcomes and associated ~~outputs~~ indicators (refer to Figure 4 for the illustrated Theory of Change which indicates the linkages amongst respective outputs and outcomes)

Goal: By 2035 AF-supported entities become catalysts for locally led scalable adaptation action that delivers lasting impact for the most climate-vulnerable				
Objective (i): to strengthen the capacity of national and regional entities to accelerate high-quality well designed, locally led, and scalable adaptation actions that meet applicable Fund standards and align aligned with national priorities				
Objective (ii): to accelerate climate finance access by empowering IEs, both accredited and those seeking accreditation, through innovative readiness tools and capacity building				
Objective (iii): to partner with climate funds and stakeholders to harmonize support, enhance complementarity, and maximize the impact of readiness efforts across all levels				
ToC Level	Outcome Strategic Focus	Indicator	Disaggregation	Data Source
Outcome 1	Accredited IEs develop high-quality well designed proposals and have capacity to implement good quality adaptation projects that meet applicable Fund requirements, and which are aligned with GGA.	Total number of high-quality proposals from accredited IEs supported through readiness activities that meet the necessary technical review standards within three review cycles	By region	Progressive increase during 2027–2029 as captured via the AF proposal and review tracker; Strategy implementation reports
Outcome 2	Accreditation pipeline conversion rate - Accreditation applicants (NIEs and RIEs) are aware receive accreditation and successfully access new and additional climate finance of available accreditation-related readiness support, strengthen their capacity to achieve accreditation and subsequently access Adaptation Fund financing.	~~Number of new entities accredited (NIEs/RIEs) with readiness programme support~~ Number and percentage of accreditation applicants receiving readiness support that achieve accreditation as NIEs/RIEs. - Proportion of newly accredited entities supported by readiness grants that have at least one project/programme approved by the AF Board within 12 months of accreditation.	By region By type of IE (NIE/RIE)	Post-event surveys at readiness workshops and webinars; Accreditation application tracker; Readiness Programme portfolio/tracking data; Adaptation Fund project/programme approval and implementation tracker.
Outcome 3	Strategic collaboration between the Adaptation Fund, other climate funds and partners, to empower developing countries to address their adaptation needs.	Number of joint readiness initiatives or formal partnerships implemented with other climate funds and partners.	By region/type of partner	Partnership agreements; Programme reports Strategy implementation reports

Commented [A5]: You mention outputs here but there are no outputs in the table below.

Commented [A5R2]: Agreed. The table refers to outcomes and related indicators. The wording has been updated accordingly.

Commented [A6]: The question of what is considered a high quality proposal is not yet resolved. Are we assuming that any proposal that meets the necessary standards is high quality? In that case, this could be reformulated to make that point clearer. Otherwise, it would be good when reporting to add some qualitative elements of what has been considered to be a high quality proposal.

Commented [A6R2]: Noted and language throughout the table has been revised. The phrase high-quality has been removed. For clarification high-quality as used in the strategy refers to adaptation actions that meet the Fund's applicable technical, environmental and social, gender, fiduciary, results-based management, and project/programme design requirements. Quality would therefore not be assessed through a separate subjective measure, but through existing Fund review criteria and relevant Readiness Strategy indicators, including the extent to which entities are able to develop proposals that meet applicable Fund standards and progress successfully through the review process

Commented [A7]: If the point of this outcome is the successful access to new and additional climate finance, then there should be an indicator for how many new entities have accessed finance, after receiving accreditation/readiness support. Otherwise we are equating accreditation with access. Maybe this is an indicator that is linked to the combination of different readiness interventions, and should be included in the fourth row that combines the 3 outcomes. Or, if the idea is that this is covered by the indicator for outcome 1, then it could be made more explicit, by adding that the proposal is approved after meeting the standards. I can understand that access to finance is dependent on more than just availability of readiness support, but in that case, either we modify the outcome to take out the access part, or we monitor access as part of readiness, and include in the evaluation a consideration of what other elements outside of the scope of readiness are preventing access to climate finance.

Commented [A7R2]: Agreed. The outcome and indicators have been revised to track the pathway from awareness to accreditation and subsequent access to AF financing. Indicators now measure awareness, achievement of accreditation with readiness support, and subsequent approval of AF project/programme financing, using relevant readiness, accreditation and project approval trackers.

Outcome 1, 2 & 3	Readiness support reach and effectiveness – IE, DAs and other beneficiaries of readiness support demonstrate strengthened capacity to access and program adaptation finance.	Percentage of readiness beneficiaries (DAs, NIEs, RIEs, accreditation applicants) reporting improved institutional capacity after readiness support.	By stakeholder type	Post-support surveys and programme evaluations activity evaluations
			By region	

Annexes (Tracked Changes Version): Readiness Strategy
20267 - 20298

Helping developing countries build resilience and adapt to climate change

Adaptation Fund ~~Enhanced~~
Readiness Strategy (20267 –
20289)

19 October 2026

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Annex I: ~~Enhanced Readiness Programme Strategy 2027-2029~~

Background

1. This document outlines the Adaptation Fund (the Fund) ~~Readiness Strategy 2026-2028~~ ~~2027-2029, strategy for the Readiness Programme for Climate Finance (the Readiness Programme; RP).~~ Established by the Adaptation Fund Board (the Board) Decisions B.22/24, the ~~existing Readiness Programme For Climate Finance (Readiness Programme)~~ enables developing countries to directly access climate adaptation finance from the Fund's resources. This funding allows them to implement concrete projects and programmes that increase vulnerable communities' resilience to the adverse impacts of climate change.

82. →

2. In 2022, the Board approved the Fund's Second Medium-term Strategy 2023-2027 (MTS II), which foresees an expanded ~~Readiness Programme~~. Specifically, readiness and capacity building are outlined in the MTS II Expected Result 2 (ER2) under Strategic Pillar 1, Expected Result 3 (ER3) under Strategic Pillar 2, ER2 under Strategic Pillar 3, and the MTS II cross cutting theme on enhancing access to climate finance and long-term institutional capacity.

83. →

3. The ~~RP~~ ~~Readiness Strategy 2026-2028~~ ~~2027-2029~~ responds to MTS II, as well as a call at COP30 for the Fund and other climate funds to provide capacity building support to developing countries for the Global Goal on Adaptation (GGA). It therefore ~~established the basis for an enhanced Readiness Programme, which seeks to accelerate delivery of readiness and capacity building support for~~ effective adaptation action and efficient access to finance, enabling the most climate-affected communities in developing countries to respond to adverse climate impacts through concrete, locally based and locally led adaptation action. In doing so, the Fund aims to strengthen long-term capacities and capabilities of national institutions in developing countries, in line with Article 11 of the Paris Agreement. Beyond strengthening the capacity for accessing climate finance, the ~~enhanced Readiness Programme~~ ~~Readiness Strategy 2027-2029~~ will support the most climate-affected people and communities as agents of change and advance gender equity and social inclusion by supporting capacity building for compliance with the Fund's ~~Gender Policy~~ policies, including the operational policies and guidelines. Furthermore, the ~~enhanced Readiness Programme~~ ~~Readiness Strategy 2027-2029~~ will facilitate scaling and replication of results by encouraging complementarity, coherence and synergies with other climate funds and adaptation actors.

Value-Add of the Adaptation Fund Readiness ~~Programme~~ ~~Strategy 2027-2029~~

4. The Readiness Strategy 2027-2029 reflects the distinct value-add of the Fund's overall support to developing countries. It positions the Fund's ~~Readiness Programme as a complementary~~ ~~The distinct value-add of the Fund's overall support to developing countries, the Enhanced Readiness Strategy 2027-2029 positions the Fund's RP Readiness Programme as a~~

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complementary and differentiated instrument that strengthens national institutions, systems, and decision-making capacity in ways that cannot be achieved through project funding alone or through other climate finance modalities. While access to Adaptation Fund resources through Regional Implementing Entities (RIEs) and Multilateral Implementing Entities (MIEs) enables the delivery of adaptation projects, ~~r~~Readiness support is designed to ensure countries build their own foundational capacities that allow them to own, sustain, and scale nationally lead adaptation action over time. Specifically, the Fund's ~~RP-Readiness Programme~~Readiness Strategy 2027-2029 stands out through the following:

- **Enables stronger/faster accessibility for smaller and lower-capacity countries such as Least Developed Countries (LDCs) and Small Island Development States (SIDs) among other developing countries:** The ~~Fund's rReadiness Programme~~Readiness Strategy 2027-2029 prioritizes country-driven readiness and country ownership of capacity building that targets national strategic control over adaptation finance delivery.
- **The ~~Fund's rReadiness Programme~~Readiness Strategy 2027-2029 maintains a clear adaptation-specific institutional focus:** It is particularly targeted at ensuring national institutions can independently manage adaptation finance over time, not just prepare individual funding proposals.
- **The ~~Readiness Programme~~Strategy 2027-2029 is flexible and implements a responsive delivery model:** It applies an ~~i~~terative delivery model aligned with evolving country contexts, with faster response times to quickly engage with emerging adaptation frameworks and finance mechanisms.
- **The ~~Fund's Readiness Programme~~Readiness Strategy 2027-2029 strongly promotes learning among accredited implementing entities,** including through South-South peer exchanges and communities of practice.
- **The ~~Fund's Readiness Programme~~Readiness Strategy 2027-2029 doesn't just prepare countries to access the Fund's resources, it builds institutional capabilities that are transferable** across the climate finance architecture, enabling smaller entities particularly from LDCs and SIDS, **and including other developing countries,** to gradually increase their capacity to access larger volumes of climate finance through an adaptive programming approach.
- **The ~~Readiness Programme~~Strategy 2027-2029 offers capacity building linked to adaptation innovation and learning** and operates in conjunction with the Fund's dedicated innovation and learning grant funding windows. This can help countries ~~help countries~~ pilot new adaptation approaches, test institutional arrangements, and build innovation capacity without excessive scale risk.

Approach to enhancing the ~~R~~eadiness programme ~~s~~Strategy

4.5. The approach to ~~enhance and expand the R~~eadiness ~~p~~Strategy 2027-2029~~programme~~ followed a systems approach (details on dimensions explored provided in Figure 1), which

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ensured its alignment of the enhanced Readiness Programme strategy with MTS II through a thorough consultative process.

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Figure 5: Dimensions investigated through the systems approach



6. The following key actions were taken:

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- **Consultations and research by the Secretariat to reframe ~~and the existing~~ Readiness and capacity building strategy Programme:** The process included an extensive assessment of capacity needs and engaged a wide range of stakeholders, including accredited national and regional implementing entities, Designated Authorities (DAs), staff of the Adaptation Fund Board Secretariat, representatives of other climate funds under the Paris Agreement, and civil society organisations. A capacity needs assessment of National Implementing Entities (NIEs), RIEs and DAs was conducted at four Adaptation Fund readiness events in 2024, to identify the main challenges faced by them during the project cycle, as well as aspects of the ~~existing~~ Readiness Programme that have been the most beneficial. This feedback and research served as the analytical foundation for the ~~enhanced-Readiness~~ Strategy 2027-2029, ensuring it is both evidence-based and directly responsive to evolving needs.
- **Detailed feedback from stakeholders through surveys to enhance technical assistance grants:** A survey of DAs, IEs, and accreditation applicants was conducted to inform the ~~enhanced-Readiness~~ Strategy 2027-2029. Respondents provided detailed feedback on costs associated with project-cycle activities, grant-sizing, expected grant outputs, and critical institutional or project-level gaps that require attention.
- **Collaboration with the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG):** In 2024, the AF-TERG commissioned an evaluation of the ~~existing~~

~~Readiness Programme~~ to conduct a comprehensive assessment of ~~that~~ programme since its inception and provide recommendations for further improvement. Five key recommendations emerged from the independent review and have been considered in the ~~enhancement of the RP~~ development of the Readiness Strategy 2027-2029:

- (vi) The ~~RP-Readiness Programme~~ should further sharpen its value added, particularly regarding the ways in which its various components are designed to support countries as well as in relation to other readiness providers
- (vii) The ~~Readiness Programme~~ should clearly outline in its theory of change (in development) the specific value added of the programme, intended causal pathways for its use, and associated ways to track implementation, outcomes, and feedback from stakeholders.
- (viii) The ~~Readiness Programme~~ should strengthen its coordination and collaboration with the implementing entities, DAs and other climate funds.
- (ix) The ~~Readiness Programme~~ should consider ways in which to strengthen data collection and analysis systems to better understand readiness activities and their contribution to results, including outcomes and impact.
- (x) The Secretariat should consider integrating in the ~~Enhanced~~ Readiness Strategy 2027-2029 mechanisms to systematically track and improve efficiency of the Readiness Programme.

(x)

7. ~~The Secretariat's~~ comprehensive review by the Secretariat found strong alignment between the ~~key focus areas~~ recommendations by the TERG and the support needs expressed by accreditation applicants, implementing entities (IEs), and designated authorities (DAs). ~~particularly in focus areas 1, 3, and 5. For focus area 1, a~~ All IE respondents (100%) identified training and capacity-building activities as a major cost category for addressing institutional gaps. There was also clear convergence across accreditation applicants, IEs, and DAs on the importance of ~~focus area 3~~ readiness grants to support accreditation and navigation of the Fund's project life cycle. Over 80% of accreditation applicants rated the proposed ~~enhanced~~ readiness package grant as very useful for strengthening institutional capacity ahead of Adaptation Fund accreditation; 79% of IEs said it would be very useful for institutional strengthening during re-accreditation; and 98% of DAs indicated that ~~the proposed grant to support DAs~~ would be very useful for enhancing their ability to identify, assess, and select suitable national implementing entities (NIEs). Finally, regarding ~~focus area 5—the use of~~ data tracking and evidence-based capacity building, 95% of IEs reported that the proposed grants would be very useful for strengthening their institutional monitoring and evaluation (M&E) frameworks.

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Iterative ~~strategic~~ approach to capacity building and climate finance readiness

8. ~~The RP-Readiness Strategy~~ adopts an iterative approach in which implementation is executed in cycles, with each cycle allowing for review, feedback, and adjustments to the subsequent cycles. This will enable the Fund to deliver context appropriate, country-driven, locally led long-term readiness and capacity building support based on identified needs and real-time analytics. Figure 3 presents a high-level articulation of the continuous loop approach to delivering

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readiness and capacity building, and includes six anticipated stages to the cyclical process, which are expanded further below:

Figure 6. High-level articulation iterative and continuous loop approach to building country readiness and capacity to access climate finance to address national priorities



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Readiness Strategy Key focus areas

9. The key focus areas of the enhanced RP are aligned with the strategic pillars and cross-cutting themes of MTSII (Figure 2) and further explained below.

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Figure 7. Key focus areas of the ~~enhanced~~ Readiness Programme Strategy 2027-2029

10. Specifically, the ~~R~~eadiness ~~activities~~ Strategy has ~~ve~~ a key focus on:

- (i)(i) **Delivering demand-driven, inclusive and tailored readiness, technical assistance (TA) and capacity building support:** Through the Fund's country-driven approach, the ~~RP~~-Readiness Strategy 2027-2029 includes a structured process to

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regularly conduct needs assessments to identify unique and emerging readiness gaps, TA priorities and capacity building needs; and subsequently provide tailored support accordingly. The ~~RP-strategy~~ incorporates flexibility and adaptability in the delivery of support that can respond to an evolving climate change adaptation landscape, continuously changing country circumstances, and emerging needs. Support provided includes region-specific readiness engagements, including in-person workshops and peer-to-peer learning; virtual training and knowledge sharing engagements; and one-on-one clinic sessions on specific technical priorities (including during in-person workshops and virtually). This will be facilitated through increased regional presence of the Fund through virtual, region-specific readiness facilitators (one each for Africa, Asia and, Latin America and the Caribbean (LAC)).

The ~~enhanced RPR~~Readiness Strategy also ~~continues to~~ strives towards simplified and inclusive access procedures to readiness and capacity-building support. This requires streamlined application processes and eligibility criteria to reduce administrative burdens for developing countries. Equity and inclusion are central guiding principles of the Fund, and as such, will be mainstreamed as a key focus area in understanding how to deliver coordinated, inclusive, effective and efficient capacity building and readiness support.

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(*)**(ii) Expanding Readiness Programme scope and recipients:** The Readiness ~~R~~Strategy 2027-2029 ~~will~~ responds to the demand-driven capacity building and readiness needs of an expanded set of stakeholders, including DAs, EEs, RIEs, and local communities and pertinent civil society organisations working with IEs. This will be done through the following:

c) **Enhancement of knowledge exchange and inclusivity**, by fostering local and country ownership to ensure that the delivered support is fit-for-purpose and has long-term and sustainable impact. The ~~RP will~~Readiness Strategy 2027-2029 ~~also collaborate and emphasizes~~ coordination with pertinent communities of practice, capacity building networks, forums, hubs, and initiatives; including expanding support for the Fund's Community of Practice for Direct Access Entities (CPDAE).

d) **Inclusion of GGA considerations:** As set out in Decision 2/CMA.5, paragraph 38 (2023), adopting the UAE Framework for Global Climate Resilience, operating entities of the Financial Mechanism were invited and other climate funds encouraged to provide financial and technical support to assist developing countries in implementing the GGA ~~consistent with evolving guidance under the UNFCCC process and in accordance with national circumstances and priorities where they so choose and aligning national systems with the Framework.~~ Recognizing that relevant modalities and indicators continue to be elaborated under the guidance of the ~~COPCMA, in this regard, the Adaptation Fund Readiness Programme~~Readiness Strategy 2027-2029 ~~will provide~~delivers targeted, demand-driven capacity-building support to strengthen national

systems and institutional capabilities for engagement with the evolving GGA framework, where requested by countries and consistent with the Adaptation Fund's mandate ~~strategic engagement with implementation of the GGA.~~

Where requested, and consistent with national priorities, this support may focus on ~~This support will focus on~~ institutional and governance strengthening to both engage with and ~~clarify support~~ coordination across DAs, NIEs, RIEs and relevant ministries; development of national decision-making frameworks ~~for alignment with that~~ reflect national adaptation priorities; reinforcement of safeguards, fiduciary, and risk-management systems; and enhancement of project and pipeline development capacity to translate National Adaptation Plan (NAP) and Nationally Determined Contribution (NDCs) priorities into high-quality adaptation proposals through Direct Access. ~~The Readiness Programme will support integration of GGA thematic and dimensional targets into national planning, risk prioritisation, and monitoring systems, using GGA-related indicators as practical tools for planning and learning rather than compliance. Through this integrated approach, the Programme will enable countries to engage with emerging mechanisms and global adaptation frameworks in a strategic, country-driven, and risk-aware manner, while converting strengthened institutional capacity into coherent, high-quality adaptation pipelines consistent with the Adaptation Fund's mandate.~~

Where identified as a country priority, the Readiness ~~Programme~~ Strategy 2027/2029 may also enable support to countries in considering how relevant elements of the evolving GGA framework, including thematic areas, dimensions, and any agreed approaches or indicators under the UNFCCC process, may inform national adaptation planning, implementation, monitoring, and learning, while recognizing that these discussions remain under development and should be applied in a manner that reflects national circumstances, capacities, and priorities.

Through this flexible and country-driven approach, the ~~Programme~~ strategy aims to strengthen institutional capacity to support national adaptation priorities, facilitate informed engagement with relevant international adaptation processes as appropriate, and enhance countries' ability to develop high-quality adaptation pipelines consistent with the Adaptation Fund's mandate.

~~(xi)~~(iii) **Accelerating access to readiness finance through new and improved grants:** The ~~RP-enhanced Readiness Programme~~ Readiness Strategy 2027-2029 includes the provision of several grants intended to provide direct access to readiness finance, including:

- a) **Support for accreditation:** This entails enhancing the relevance and effectiveness of the established Readiness Package grants. These funds are targeted at both prospective entities and accredited NIEs (seeking to renew their

status) to address institutional gaps and accelerate their progress in successfully navigating the Fund's accreditation requirements.

b) Targeted support to enhance DA capacity: Targeted support for DAs to enhance national coordination, planning, capacities and climate finance readiness and to assess potential NIEs for accreditation. The ~~enhanced Readiness Programme~~ **Readiness Strategy 2027-2029** will explore possibilities for direct support to DAs in consultation with the Adaptation Fund Trustee.

c) Post-project approval implementation support: A flexible and demand-driven grant targeted at IEs to support them to address existing and emerging capacity and capability priorities. The grant supports and enables adaptive management by the IEs to respond to existing and emergent needs throughout the Fund's project life cycle.

d) Support for project scale-up design: Supports NIEs and RIEs with the scale-up design of their successful adaptation projects, which were originally funded by the Fund or through other mechanisms; including with understanding additional climate finance mobilisation and access opportunities in this regard.

~~(xii)~~(iv) **Enhancing strategic collaboration and partnerships:** The Fund aims to go beyond simply avoiding duplication and fragmentation of capacity building and readiness support. A key focus will be on strengthening readiness partnerships and collaboration by pursuing context-driven collaborations across respective regions to entrench long-term, coordinated and sustainable capacity building and climate finance readiness. This will include coordinating and collaborating with partners to produce and disseminate good practice on innovative, context-driven and dynamic capacity building for climate finance readiness, across respective regions. Recognising that effective readiness and capacity-building support requires increasingly large financial investments sustained over many years, the ~~RP~~ **Readiness Strategy 2027-2029** strengthens collaboration and partnerships that are specifically targeted at capacity-building over and above broader partnerships at the Fund level. Such deliberate partnerships, which include partnering with private sector, academia, CSOs, United Nations (UN) agencies, constituted bodies under the United Nations Framework Convention on Climate Change (UNFCCC), multilateral organisations, funds, and development agencies; will leverage financial resources, broader reach and knowledge, external expertise, and networking opportunities for continued innovation and progress ~~of the RP to implement the strategy~~. In addition, ~~the RP will explore~~ partnerships and collaborations with entrepreneurial hubs, incubators, accelerators, and networks that promote innovation for climate action **will be explored**.

~~(xiii)~~(v) **Enhancing data tracking and evidence-based capacity building:** The ~~enhanced RP is~~ **Readiness Strategy 2027-2029 integrates** integrating straightforward collection tools and performance indicators into existing reporting processes. By providing

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focused training to entities on using this data for adaptive management, the Fund ensures that resources are used efficiently and can be quickly pivoted to meet emergency needs during a project's life cycle.

- (vi) **Enhancing use of digital tools and Artificial Intelligence (AI) in readiness and capacity building:** The ~~enhanced RP~~ **Readiness Strategy 2027-2029** leverages technology and utilises digital tools, platforms and modalities that facilitate easy access to information, resources, and training for a diverse range of pertinent stakeholders. The emergence of frontier technologies, such as AI, presents a valuable opportunity to streamline and enhance capacity building and readiness support to address context-specific and on-going challenges in the development, implementation, monitoring and evaluation, and knowledge sharing and learning challenges experienced by a diverse range of adaptation actors. Where appropriate and relevant, nascent technologies will be explored and adopted to enhance the efficiency and effectiveness of capacity building and readiness activities supported by the Fund.

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- (xiv)(vii) **Piloting, showcasing and communicating results:** The ~~Readiness Strategy 2027-2029~~ will explore emerging digital and AI-enabled tools and approaches with potential to strengthen readiness and capacity-building support. Potential applications may include AI-assisted knowledge and information retrieval and automated analysis and synthesis of readiness and project data. Where promising tools and applications are identified, they will be tested and piloted through relevant readiness activities, with results and lessons systematically captured and communicated to assess their effectiveness, inform continuous improvement, and determine their potential for replication and scale-up. More broadly, the Strategy will strengthen the systematic capture, showcasing and communication of results, lessons and good practices generated through readiness activities to demonstrate their value, facilitate learning and inform the design and delivery of future readiness support.

- (xv)(viii) **Strengthening awareness of the value add of the Fund's Readiness:** The ~~RP~~ **Readiness Strategy 2027-2029** provides a distinct value-add through its structured, proactive approach to identifying and filling specific institutional gaps. The ~~RP~~ **strategy** bases programming on needs assessments to identify the unique, emerging technical assistance priorities of DAs and IEs. This results in highly differentiated delivery modalities, ranging from one-on-one technical clinics and virtual knowledge exchanges to region-specific engagements and peer-to-peer learning, ensuring support is precisely tailored to a country's specific stage of readiness. By strategically coordinating with global communities of practice and capacity-building networks maximizes impact, avoiding duplication of effort and ensuring that every intervention enhances complementarity across the broader climate finance landscape.

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Enhanced Readiness Programme Strategy 2027-2029 Goals and Objectives

11. The ~~RP's enhanced Readiness Programme's~~ goal under the Readiness Strategy 2027-2029 is guided by the Fund's vision, mission, and Theory of Change statement as stated in MTSII, including alignment with its respective strategic outcomes and cross-cutting themes. This goal is translated into action through key objectives, ~~outputs~~ and outcomes that are aligned with the MTSII strategic pillar outcomes, cross-cutting themes and respective targeted results.

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Primary goal: ~~Enhanced Readiness Programme under the Readiness Strategy 2027-2029~~

By 2035, Adaptation Fund Implementing Entities (IEs), Designated Authorities (DAs), and other key stakeholders serve as agents of change and catalysts for innovative, locally led, concrete, and scalable adaptation action; enabled by the Fund's pioneering, strategically collaborative, and context-appropriate readiness and capacity-building support. This ecosystem fosters long-term, sustainable capabilities that ensure greater coherence across global climate efforts and deliver results-driven impact for the most climate-affected communities.

12. To align with MTSII and its intention to enhance and expand ~~the RP~~ readiness and capacity building support, the key objectives of the ~~RP-enhanced Readiness Programme~~ have been expanded from two to three primary objectives, as follows:

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- d. **Objective 1:** Strengthen the capacity of national and regional entities to accelerate ~~high-quality~~ well defined, locally led, and scalable adaptation actions ~~that meet applicable Fund standards and aligned~~ with national priorities.
- e. **Objective 2:** Accelerate climate finance access by empowering IEs, both accredited and those seeking accreditation, through innovative readiness tools and capacity building.
- f. **Objective 3:** Partner with climate funds and stakeholders to harmonize support, enhance complementarity, and maximize the impact of readiness efforts across all levels.

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Targeted audiences for capacity building and readiness support

13. The ~~RP-enhanced Readiness Programme~~ Readiness Strategy 2027-2029 seeks to address the contextual and emerging needs of a range of pertinent stakeholders to climate finance readiness at national, sub-national and regional levels; in accordance with MTSII.³ This includes:

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³ MTSII Paragraph 9: "To maximise impact, the Fund will also expand its existing Readiness Programme for Climate Finance towards a more comprehensive and iterative approach assessing needs and addressing gaps, including by expanding the scope of support and recipients to Designated Authorities, Executing Entities, local communities, women's organisations, youth, indigenous people etc. The Fund will also expand existing modalities for engaging local and vulnerable groups, including the local private sector where feasible, in the project cycle."

14. **Accredited NIEs, RIEs and entities seeking accreditation via Direct Access:** The Fund will continue its focus on enhancing the readiness of direct access entities to access its resources, including enhanced support for re-accreditation to the Fund.

- (iii) **Adaptation Fund DAs:** The Fund will expand its readiness support and capacity building opportunities to DAs in a country-driven and tailored approach. The aim will be to support countries and regions to address challenges faced with awareness of the Fund and its opportunities, and coordination of climate finance readiness and access.
- (iv) **Indirect stakeholders:** In accordance with the expanded readiness approach, the Fund will seek to engage and support the participation of other stakeholders in its readiness and capacity building endeavours. These would include executing entities (EEs), civil society organisations, private sector entities, and other providers of readiness and capacity building support from the local to international level.

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Enhanced Readiness Programme Strategy Theory of Change

2-15. A Theory of Change (ToC) (see Figure 4 for illustration) has been developed for the ~~RP enhanced Readiness Programme~~ **Readiness Strategy 2027-2029** and lays the foundations for its dynamic portfolio management approach and M&E framework. The ~~RP enhanced Readiness Programme~~ **Readiness Strategy** Theory of Change (Annex A) is aligned with MTSII and the Fund's mandate and illustrates at a programmatic level the causal links amongst ~~the RP's programme's strategy~~ specific outcomes and outputs, and the strategic pillars of MTSII. ~~The RP's enhanced Readiness Programme~~ Theory of Change statement is articulated in Box 2, below, followed by a high-level description of the three ~~RP readiness~~ specific outcomes. Further details on the respective outputs associated with each outcome are included in **Figure 4 (Readiness Strategy 2027-2029 Theory of Change)** ~~Table 1 (Monitoring and Evaluation framework section, below).~~

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Box 2. ~~Enhanced Readiness Programme Strategy~~ **Readiness Strategy 2027-2029** Theory of Change Statement

Adaptation Fund Readiness ~~Programme Strategy~~ 2027-2029 Theory of Change statement

***IF** the Adaptation Fund provides agile, contextually tailored readiness support that accelerates direct access, builds long-term institutional capacity, and simplifies funding processes*

***THEN** developing countries can dynamically address emerging needs to strengthen climate resilience and reduce vulnerability, aligned with Paris Agreement priorities*

***BECAUSE** predictable and accessible support enables ~~national and local institutions to build coordinated, sustained and long-term planning~~ country-led adaptation pipelines that ~~reaches channel finance to the most vulnerable local communities~~*

Theory of Change Problem Statement

16. Developing countries lack predictable, coordinated, inclusive, and tailored capacity-building support that meets their diverse and evolving needs to effectively translate adaptation priorities into inclusive, locally led action. Further, they have limited awareness, face coordination barriers and persistent constraints in building long-term institutional capacity and accessing climate finance through direct access modalities. ~~Developing countries, including LDCs and SIDS, particularly,~~ also face coordination barriers that ~~can~~ limit effective access to and use of adaptation finance through direct access modalities.

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Theory of Change Outcomes

17. To address the challenges identified, the ~~enhanced Readiness Programme~~ ~~Readiness Strategy 2027-2029~~ seeks to address developing countries' current and emerging capacity and readiness needs to successfully enhance their adaptive capacity, strengthen resilience, and reduce vulnerability to climate change through inclusive processes consistent with their adaptation needs and priorities under the Paris Agreement. The value-add of the ~~enhanced Readiness Programme~~ ~~Readiness Strategy~~ is reflected in the ToC's clear causal logic: targeted capacity-building investments strengthen national systems and institutional capabilities, which in turn enable countries to develop proposals, design, implement, and monitor higher-quality, country-driven adaptation projects and programmes, advancing both the GGA and national priorities. This system-level strengthening creates durable results that extend beyond individual projects and funding cycles. This is reflected through the following outcomes:

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Outcome 1: Accredited NIEs and RIEs develop and implement high-quality proposals and have capacity to implement good quality adaptation projects which advance national priorities and contribute to their GGA priorities.

18. Developing countries lack predictable, coordinated, inclusive and tailored capacity-building support that meets their diverse and evolving needs to effectively translate their adaptation priorities into inclusive, locally led action. To enhance their technical and institutional capacity, the ~~Readiness Programme~~ ~~Readiness Strategy 2027-2029~~ introduces, ~~conducts~~ annual assessments of ~~NIE~~ and ~~RIE~~ capacity building needs and TA priorities, and evaluation of their own readiness activities to assess the emerging readiness gaps for ~~NIEs~~, ~~RIEs~~ and ~~DAs~~; iterates capacity building programmes (grant and non-grant) and climate finance readiness activities for ~~DAs~~, accreditation applicants and accredited ~~NIEs~~ and ~~RIEs~~; provides financial grant support to ~~NIEs~~ and ~~RIEs~~; develops a monitoring system to monitor the ~~Readiness Programme~~ ~~Readiness Strategy~~; and develops various readiness materials including inclusive and accessible digital tools, frontier technologies, decision-support tools, and, where relevant and requested by countries, guidance to help stakeholders consider emerging approaches under the GGA and other relevant adaptation frameworks ~~and technologies are developed such as inclusive and accessible digital tools, frontier technologies, decision-support tools and guidance for GGA indicator alignment, consolidated platform for capacity building resources and toolkits.~~

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19. The review of capacity building programs and stakeholder needs, and feedback from stakeholders lead to adjustments to capacity building and climate finance readiness activities and provide tailored, context/demand-driven and stakeholder-specific training and capacity building

support to DAs, accredited NIEs and RIEs and accreditation applicants. Accreditation applicants comply with fiduciary processes, ESP/Gender policies, the policy on safeguarding against sexual exploitation and abuse and sexual harassment (SEAH) as well as other Fund relevant policies, and DAs apply to transition from individual to organizational DAs. These activities are further supported by availability of readiness materials, digital tools and platforms that support stakeholders in strengthening national adaptation planning, monitoring and institutional systems, including, where appropriate and based on country needs, consideration of relevant elements of the evolving GGA framework and any agreed approaches or guidance under the UNFCCC process with institutional alignment with GGA (such as GGA-aligned monitoring frameworks, indicators and guidance integrated into national systems), engagement beyond a project approach, implementation of baseline studies and M&E systems developed at institutional level in countries. Institutional roles and coordination protocols across DAs, NIEs and RIEs are clarified. The monitoring system supports tracking of activities under the Readiness Strategy, review of progress, and identification of what is working well. Operationalization of the Readiness Programme's monitoring system supports tracking of its activities under the Readiness Strategy, and reviewing progress and what is working well.

84.

20. These technical and institutional capacity building activities and outputs lead to increased capacity of accredited NIEs and RIEs to develop adaptation project proposals and implement high-quality, locally led, and scalable adaptation projects and programs aligned with their national adaptation strategies and processes. Accreditation applicants have increased capacity to meet the Fund's fiduciary standards and DAs transition is implemented. NIE and RIE procurement, project endorsement process, and environmental and social risk monitoring and reporting are improved. These lead to the achievement of outcome of Accredited NIEs and RIEs developing high-quality proposals and have capacity to implement good quality adaptation projects.

Outcome 2: Accreditation applicants (NIEs and RIEs) are aware of available accreditation-related readiness support, strengthen their capacity to achieve accreditation and subsequently access Adaptation Fund financing are aware, achieve accreditation and successfully access now and additional climate finance

21. Countries have limited awareness, and face coordination barriers and persistent constraints (such as building long-term institutional capacity) in accessing climate finance through direct access modalities.

22. The enhanced Readiness Programme participates in Readiness Strategy 2027-2029 facilitates implementation of the Adaptation Fund's communication strategy, in addition to conducting iterative tailored capacity building programmes (grant and non-grant) and climate finance readiness activities for DAs, accreditation applicants and accredited NIEs and RIEs, and providing financial grant support to IEs. Consequently, the stakeholders (such as DAs NIEs and RIEs) engage with Adaptation Fund's communication events/awareness raising events. Additionally, DAs, Accredited NIEs and RIEs and Accreditation applicants receive capacity

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building support, accreditation applicants comply with fiduciary process and ESP/Gender policies, and DAs apply for the transition from individual to organisation-level DAs.

23. These activities enhance access for DAs, Accredited NIEs and RIEs and accreditation applicants to readiness finance, including related resources, information which leads to the attainment of the outcome of accreditation applicants being aware, achieving accreditation and successfully accessing new and additional climate finance through active readiness and capacity building support.

Outcome 3: ~~Strengthened Collaboration & Coordination~~ Strategic collaboration and coordination between the Adaptation Fund, other climate funds and partners empowers developing countries to address their adaptation needs.

24. ~~Amongst other~~ Whilst other developing countries are affected, LDCs and SIDS particularly face coordination barriers that limit effective access to and use of adaptation finance through direct access modalities. The enhanced Readiness Programme Readiness Strategy 2027-2029, ensures the secretariat's collaborations and coordinations with different stakeholders through communities of practice and through formal collaboration agreements (Memorandum of Understanding (MoUs) or formal coordination mechanisms). This leads to dedicated communities of practice that facilitate peer learning about best practices and lessons learned, encouraging innovation through networking opportunities. This enables stakeholders to navigate the Fund's project life cycle and CPDAE is supported. These lead to formation of strategic partnerships, co-implementation of joint readiness initiatives with other climate funds and sources of climate finance, that provide readiness and capacity building support and scaling up of that support. These activities further lead to broadened stakeholder engagement, and enhanced knowledge exchange between IEs, in-country stakeholders, Adaptation Fund, other climate funds and partners about Fund's readiness project cycle, its funding opportunities and other funding opportunities from other funds and about developing and implementing adaptation proposals. It also leads to enhanced complementarity between stakeholders in provision of readiness and capacity building support. This outcome of strategic collaboration between the Adaptation Fund, other climate funds and partners, empowers developing countries to address their adaptation needs.

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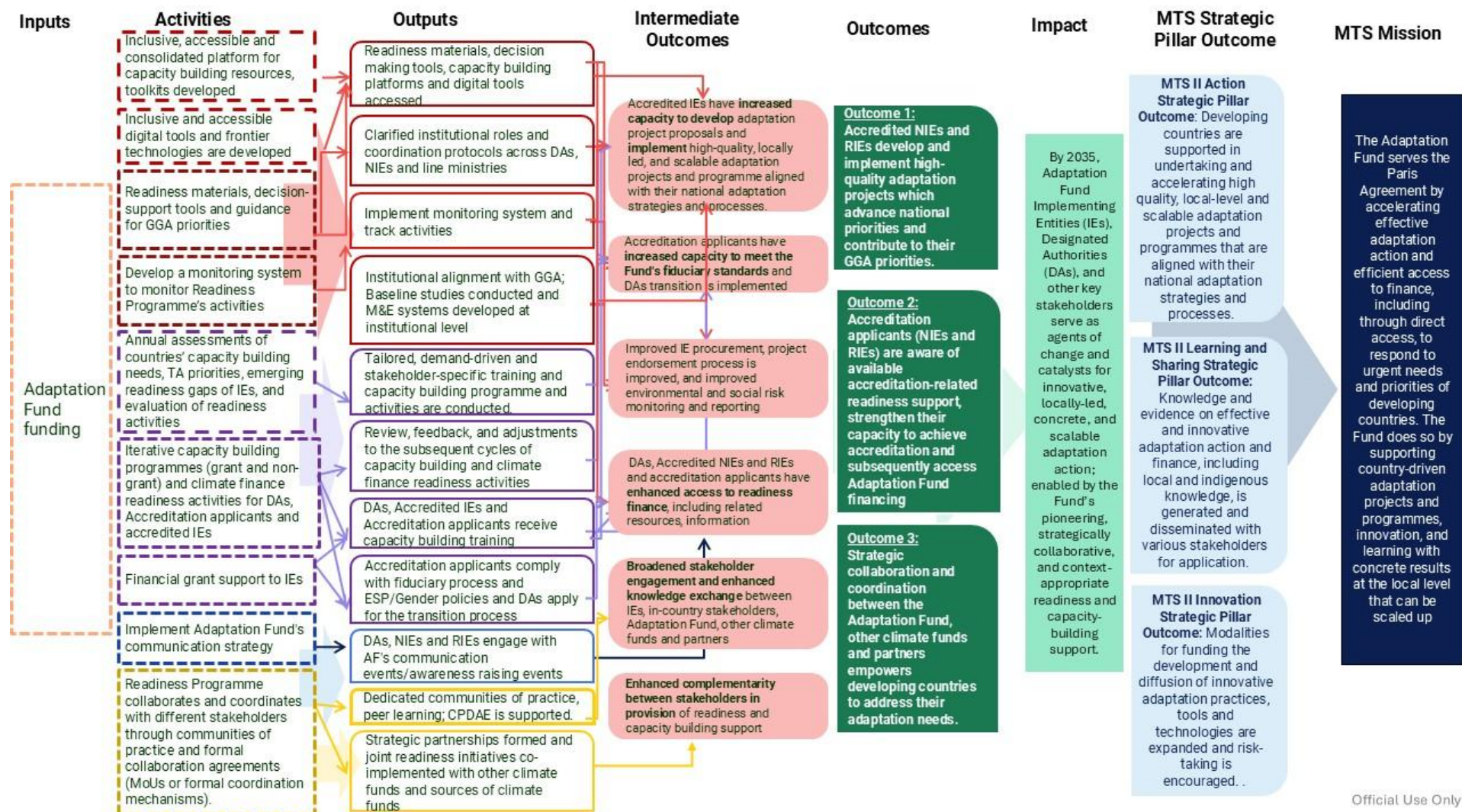
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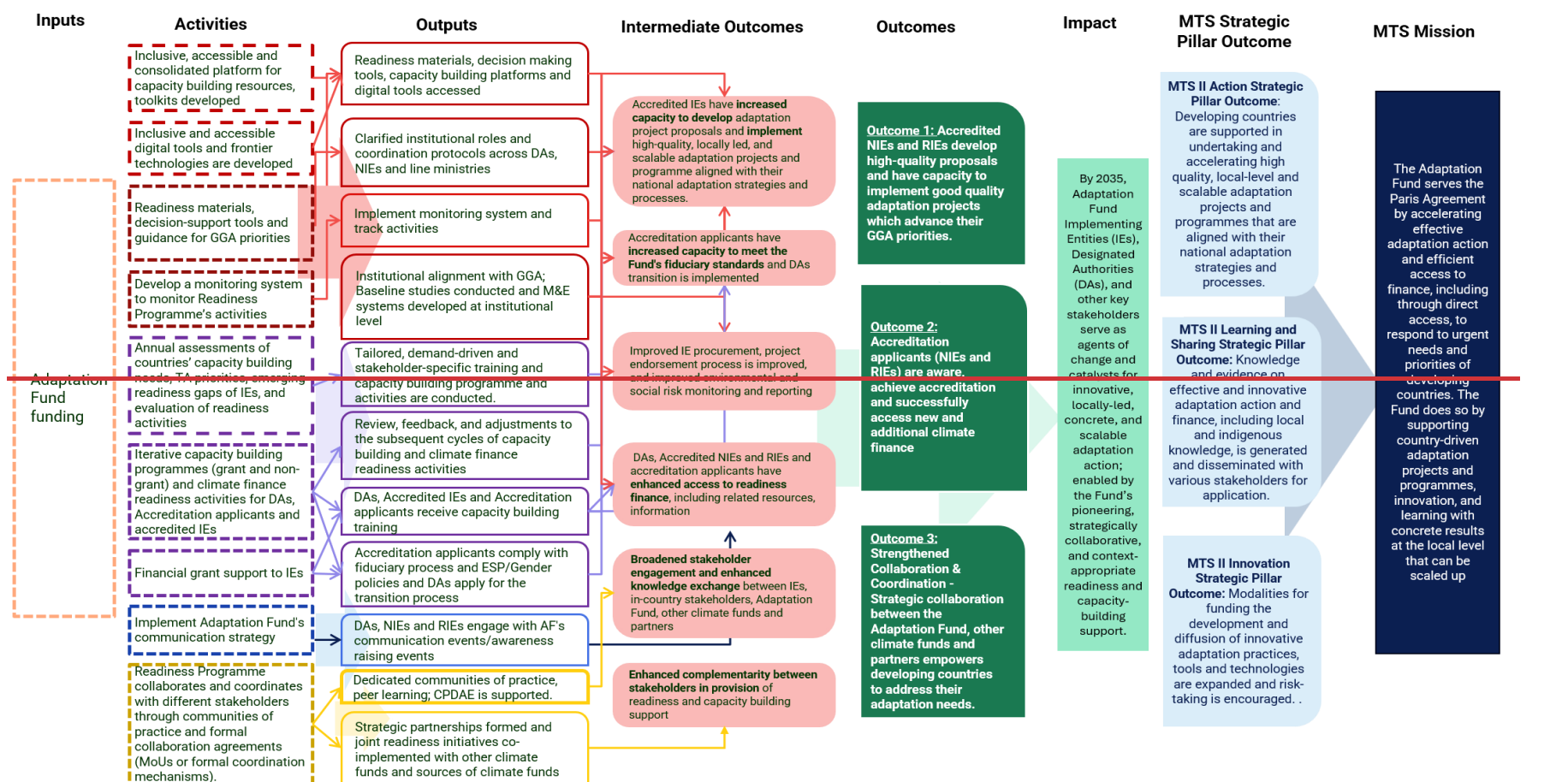
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Figure 4: Enhanced Readiness Programme Strategy 2027-2029 Theory of Change





Annex II: Enhanced Readiness Programme Grants Funding Windows

25. The readiness funding windows outlined in this strategy aim to comprehensively address accreditation-related gaps, support accredited NIEs in maintaining active accreditation status, and strengthen institutional and technical capacities throughout the Fund's project life cycle. The funding streams under respective funding windows are designed as a coherent continuum of support, rather than as separate, stand-alone instruments. Funding streams that follow a shared institutional logic, — for example, strengthening technical and thematic systems, or supporting entities across the accreditation continuum, — are grouped as sub-components of a single broader funding window. This approach builds on and reinforces existing ESP and GP support, while also incorporating additional encompassing other relevant Fund policies. Fund policies such as the policy on Sexual Exploitation, Abuse and Harassment (SEAH). It also provides a more streamlined legal and implementation framework and reduces reporting requirements during operationalization. As the strategy is operationalized, it will enable a more streamlined legal and implementation structure and reduce reporting requirements. The readiness grants funding windows outlined in this annex strategy aim to comprehensively address accreditation-related gaps, support accredited NIEs in maintaining active accreditation status, and strengthen institutional and technical capacities throughout the Fund's project life cycle. The grants funding streams under respective funding windows types proposed under the Readiness Strategy 2027-2029 are designed as a coherent continuum of support, rather than as separate, stand-alone instruments. Where proposed readiness support funding streams follows a shared institutional logic such as strengthening technical and thematic systems or supporting entities across the accreditation continuum, the grants funding streams are grouped as sub-components of a single grant funding window. This approach builds on and reinforces existing ESP and GP support, and support and includes other additional Fund policies like the policy on Sexual Exploitation, Abuse and Harassment (SEAH), while enabling a more streamlined legal and implementation structure and reducing reporting requirements as the strategy is operationalized. The enhanced Readiness Programme grants aim to plug capacity gaps across the project cycle. This grants funding streams includes:

- Support for Designated Authority capacity and national coordination
- Comprehensive and responsive grant support to entities navigating the Fund's accreditation process
- Structured pre-project approval grant support providing targeted readiness support to implementing entities;
- Post-project approval grants — support support for effective project implementation; and.
- Post-implementation grants support for project scale-up

Structured pre-project approval grants that provide targeted readiness support for IEs

26. The funding streams culminate into three readiness funding windows as follows:

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- D. Support for Designated Authority Capacity and Country Programming
- E. Technical Assistance for Institutional Strengthening
- F. Support for Project Scale-up

- Establish post-project approval implementation grants for IEs
- Project scale-up and learning post implementation

Post implementation grants supporting project scale-up

27. The proposed grants funding windows under the Readiness Strategy 2027–2029 are outlined below and reflect feedback obtained from relevant stakeholders through a survey as well as the Secretariat's own comprehensive review. Following Board approval of the Readiness Strategy, the implementation modalities for all proposed new readiness grants, including the eligibility, access, and review criteria, will be further elaborated. The resulting modalities and implementation arrangements will subsequently be presented to the Board for its consideration and approval before the new grants are operationalized. The grants that form the enhanced Readiness Programme under the Readiness Strategy 2027–2029 are provided below and. These were sized determined based on feedback obtained from relevant stakeholders through a survey.

86. The funding streams culminate into three readiness funding windows as follows:

D.A. Grant to sSupport for Designated Authority Capacity and Country Programming Support for DA capacity for on NIE selection, in-country coordination, pipeline development, Monitoring frameworks and GGA alignment and [New] – Includes support for NIE identification and selection, in-country coordination, adaptation pipeline development, and national monitoring frameworks. Delivery channels to be further explored in consultation with the Trustee and be brought back to the Board for its consideration at its forty-eighth meeting.

28. It should be noted that the Fund's Designated Authorities (DAs) frequently operate across multiple climate funds, most notably as GCF National Designated Authorities as well Global Environment Facility (GEF) Focal Points. As such, This The strategy should takes note that the development of the modalities under this funding window grant will take into consideration support provided by other climate funds and partners, with a view to ensuring complementarity and avoiding duplication. The grants will be developed with due consideration of this the broader readiness and capacity building support landscape for national focal points so that the Fund's support is complementary rather than duplicative and reinforcing instead of overlapping with existing capacity building support from other climate funds. The Fund's support will therefore focus be anchored on its distinct value proposition below:

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to. This will promote complementarity and coherence—particularly where Adaptation Fund DAs also serve as Given that several Designated Authorities also receive support from other funds, it would be useful to demonstrate awareness of the broader landscape and emphasize coherence of support. Related to the support to DAs, for which the modalities are still being developed, we should mention that the development of the modalities will take into consideration by support provided by other funds, to avoid duplication. (Given that the GCF provides significant grant support to their NDAs and those are in many cases the same as our DAs, we should focus on complementarity and coherence. I know that expressing this more specifically will not be simple but we should convey that we are at least aware of it.)

so that Adaptationthe Fund's assistancesupport is complementary rather than duplicative—and reinforcing instead, not of overlapping with, existing GCF or capacity building support from other fund provided capacity buildingclimate funds. The Fund's support will therefore focus on its distinct value proposition:

Grant amountMaximum allocation: \$350,000, provided once over a three-year period.

Grant aAmount: \$3450,000 over a three year period

Recipients: DAAs

Grant vValue proposition

29. By strengthening Designated Authorities' capacity to transparently select high-quality National Implementing Entities (NIEs), coordinate national stakeholders, and prioritize fundable adaptation investments, this grantfunding window addresses critical upstream bottlenecks to Direct Access, improving accreditation outcomes, accelerating fundable adaptation pipelines aligned with national priorities, and reinforcing country-driven monitoring frameworks that may draw on relevant GGA-related approaches as they evolve.

30. The grantfunding impact compounds: Stronger DA capacity enables better NIE selection, stronger national coordination, higher-quality project pipelines, more fundable adaptation proposals, an expanded and more sustainable Adaptation Fund portfolio that responds to national adaptation priorities and evolving international adaptation frameworks.

31. **Availability:** GrantFunding would be available for the duration of the strategy, i.e. 3 years, and the DA has the option to request all of it in one tranche or in 2 tranches of \$225175,000 each over the course of the 3 years. Consistent with the practice applied to other new grants under the Fund, the proposed grant will be delivered within an annually capped funding envelope. With each request the DA would specify the activities the grant would be used for, and activities and related funding for NIE applicant screening and selection would terminate upon the submission of a complete application for accreditation to the Secretariat. A delivery channels to be explored includes making the grant available via multilateral development bank intermediaries which would facilitate access in the regions, signing MOUs directly with DaAs and other channels to be explored in consultation with the Trustee. This would follow a similar approach to the current innovation and LLA funding window aggregators.

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32. **Eligibility:** (NIE selection) Eligible applicants are DAs from developing countries that currently do not have an accredited NIE and are seeking to pursue the Direct Access modality. To qualify, the DA must demonstrate the institutional mandate to oversee a merit-based screening process for up to two potential national candidate institutions.

(In country-coordination and pipeline development) ~~Grant~~The funding window~~s~~ is open to DAs from countries seeking to bridge the gap between policy planning and project pipeline development. Eligible DAs are those currently managing or developing a portfolio of adaptation projects who can demonstrate a need for enhanced technical capacity in evaluating ~~bankable-fundable~~ projects and NIEs.

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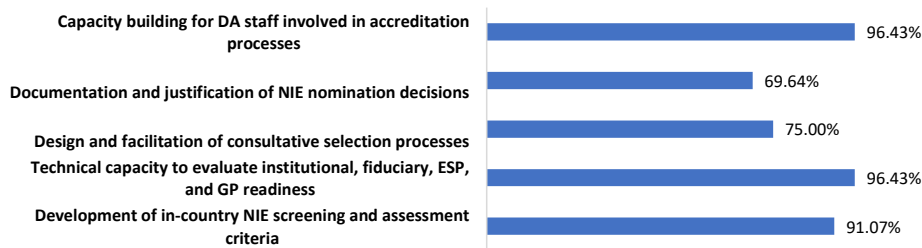


Figure 8: Grant-Readiness funding support areas (DA responses) [NIE Selection]

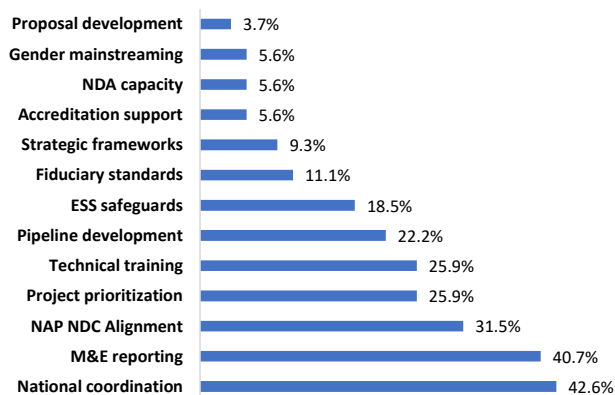


Figure 9: Grant-Readiness funding support areas (DA responses) [Pipeline and coordination]

33. **Purpose:** [NIE Selection] This funding stream ~~e-grant~~ addresses bottlenecks by allowing DAs to select NIEs through a standardized and institutionalized system. DAs can use this ~~grant~~ funding to establish a clear pre-accreditation framework to assess NIEs by developing standard operating procedures, objective eligibility rubrics, and transparent scoring checklists. Instead of discovering institutional weaknesses during the formal review phase, which often leads to considerable delays, the ~~grant-funding~~ allows for in-depth screening. This proactive approach

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identifies technical, fiduciary, and safeguard gaps early, providing the resources needed to fix these shortcomings before a formal application is submitted. By ensuring that well-prepared candidates enter the pipeline, the **grant-funding** functions as a critical risk-mitigation tool that accelerates progress toward accreditation and reduces overall administrative burden.

[Pipeline and coordination] This **funding stream** **grant** addresses several interrelated institutional and technical gaps to move countries from theoretical climate planning to project implementation. Countries report a lack of formal inter-ministerial coordination and standardized procedures for project endorsement, which results in fragmented efforts and a lack of institutional memory. This **grant-funding** could formalize the roles of various ministries and ensure that project selection is based on data-driven scoring through a streamlined process. On a technical level, DAs could use the **grants-funding** to translate national policies (such as NAPs) into measurable indicators, ~~as well as use funds and~~ for the creation of MEL handbooks and digital portals that track project performance against metrics related to the Global Goal on Adaptation. The **grant-funding** targets the ~~bankability-fundability~~ of proposals, which remains a significant bottleneck in the project pipeline. This ensures that the climate rationale of a project is technically robust enough to pass the rigorous review of the Adaptation Fund Secretariat.

Key grant activities

National coordination: Streamline national coordination between focal points to improve project endorsement processes.

Pipeline development: Develop project pipelines specifically aligned with GGA indicators, NAP implementation, and NDC.

Monitoring frameworks: Establish national monitoring frameworks and systems aligned with GGA-related indicators to track how endorsed projects contribute to broader adaptation goals.

Capacity building: Enhance country capacity to set up structures for project prioritization and understanding how DAs endorse projects to move toward evidence-based prioritization.

Candidate selection: Build DA capacity for in-country screening, assessment, and selection of the most suitable NIE candidates (up to 2 per country).

Technical evaluation: Run competitive RFPs or workshops to conduct technical self-evaluations of candidate institutions against AF fiduciary, ~~and~~ ESP, GP, SEAH and other relevant Fund policies. ~~standards.~~

Merit-based nomination: Ensure the selection of candidates is based on technical merit rather than political motivation to ensure only viable entities enter the pipeline.

B. Technical Assistance ~~GrantsFunding Windows for Institutional Strengthening Funding Window~~

~~The grant types proposed under the Readiness Strategy 2027-2029 are designed as a coherent continuum of support, rather than as separate, stand-alone instruments. Where support streams follow a shared institutional logic—such as strengthening technical and thematic systems or~~

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~~supporting entities across the accreditation continuum—they are grouped as sub-components of a single grant window. This approach builds on and reinforces existing ESP and GP support, while enabling a more streamlined legal and implementation structure and reducing reporting requirements as the strategy is operationalized.~~

~~The grant types proposed under this the Readiness sStrategy 2027-2029 have been designed as a coherent continuum of support rather than as a set of freestanding instruments. Where support streams share a common institutional logic strengthening technical and thematic systems, or supporting entities through the accreditation continuum, they are presented as sub-components of a single grant window. This structure is intended to build on and reinforce existing ESP and Grant ProgrammeGP support , while supporting a more streamlined legal and implementation architecturesimplifying legal agreements, implementation arrangements, and reporting requirements as the strategy is operationalized.~~

34. ~~The TTechnical Assistance Grants for Institutional Strengthening funding window funding window—will— build upon the existing ESP and GP and gGrant Pprogramme support and encompass new policies like SEAH, to provide tailored support to national and regional institutions across the accreditation continuum, from preparing for accreditation to strengthening the sectoral systems of accredited entities and addressing performance gaps that could affect continued accreditation. Support under the funding window will be delivered through three complementary sub-components, each with distinct objectives, eligibility requirements, access triggers and funding ceilings. Together, the sub-components will strengthen institutional policies, systems, procedures and staff capabilities necessary for effective Direct Access and the development and implementation of high-quality adaptation projects and programmesTo strengthen coherence and reduce fragmentation, the Readiness Strategy groups three complementary grants under the broader Technical Assistance Grants for Institutional Strengthening window. The grants collectively support entities across the accreditation continuum—from preparing for accreditation, to institutionalizing the Fund's requirements after accreditation, to addressing performance gaps that may affect continued accreditation.~~

35. ~~Each grant has a distinct purpose, eligibility point and access trigger. The Readiness Package Grant supports prospective NIEs in addressing institutional and technical gaps identified during the accreditation process. The Sectoral Institutional Strengthening Grant supports accredited entities, including during project implementation, to embed the Fund's policies and requirements within sector-specific institutional systems, procedures, guidance and data-management arrangements. The Accreditation Continuum Grant, subject to Board approval of the proposed continuous accreditation model, provides corrective support to accredited NIEs where monitoring or accreditation review identifies performance gaps that could affect the maintenance of accreditation. A summarysnapshot of the grantssub-components is provided in the table below:~~

GrantSub-component	Institutional Stage	Primary function	Access trigger
1. Readiness Package GrantAccreditati	Pre-accreditation	Builds the institutional capacity needed to meet accreditation requirements	Accreditation application enters the designated review stage

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on Readiness
Support Readiness

2. Sectoral Systems Institutional Strengthening Grant Post-accreditation and including during project implementation Embeds requirements within entity-specific sectoral systems and project-development processes, including ESP, GP and SEAH Fund Accredited entity demonstrates a sector-specific institutional capacity gap

3. Accreditation Continuum Grant Continued active accreditation maintenance Addresses performance and institutional gaps affecting identified weaknesses that may affect the ongoing maintenance of an active accreditation status Secretariat-led IE performance monitoring, coordinated with the Accreditation Panel's review, identifies an institutional performance gap Secretariat performance-based monitoring or coordinated with Accreditation Panel review identifies a performance gap

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36. It should be noted that Sub-component 1 which enhances the existing Readiness Package should will focus strictly on systems required to achieve accreditation, whilst the sectoral sub-component 2 on Sectoral Systems Strengthening should will focus on operationalizing those systems within specific sectors after accreditation.

37. The grants sub-components therefore do not finance support the same activities or duplicate support. They provide differentiated but mutually reinforcing assistance at successive stages of institutional development. Their clustering under one window will facilitate more coherent access arrangements, coherent and streamlined legal agreements, implementation, monitoring and reporting, while retaining separate eligibility requirements, funding ceilings and assessment criteria for each grant.

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Sub-component 1: Accreditation Readiness Support B.1. B.1. Readiness package grant [Existing and Enhanced]

38. This sub-component will enhance the existing Readiness Package Grant. It will support applicant NIEs in addressing institutional and technical requirements for accreditation. As under

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current arrangements, the grant will continue to be accessed through accredited Implementing Entities, while applicant NIEs navigating the accreditation process will remain its ultimate beneficiaries. Consistent with its existing design, Sub-component 1 will continue to promote South-South cooperation and peer-to-peer support, helping applicants strengthen policies, systems and procedures, address gaps identified during accreditation screening, and navigate the Accreditation Panel review process.

~~This sub-component will enhance the existing Readiness Package Grant. It will support nominated applicant NIE applicants in addressing institutional and technical requirements for accreditation. Accessed through accredited Implementing Entities, it will continue to facilitate South-South cooperation and peer-to-peer support while helping applicants strengthen policies, systems and procedures, address gaps identified during accreditation screening and navigate the Accreditation Panel review process. The Readiness Package Grant is not a new instrument, and it already exists under the Adaptation Fund's Readiness Programme. The Readiness Strategy 2027-2029 seeks to enhance the grant effectiveness rather than introduce a new modality. As under current arrangements, the grant will continue to be accessed via accredited Implementing Entities, while applicant NIEs navigating the accreditation process will remain its ultimate beneficiaries. Consistent with its existing design, Sub-component 1 it will continue to facilitate South-South cooperation and peer-to-peer support while helping applicants strengthen policies, systems and procedures, address gaps identified during accreditation screening and navigate the Accreditation Panel review process.~~

~~Consistent with its existing design, the grant will also continue to facilitate South-South cooperation and peer-to-peer support, drawing on the experience of already accredited entities to support applicants working toward accreditation.~~

Amount Maximum allocation: \$250,000 per NIE applicant

Recipients: NIE applicants navigating the Fund's accreditation process.

Grant Value proposition

39. By providing targeted support to NIE applicants, this grant sub-component builds institution-wide capacities rather than one-off fixes. It speeds accreditation, strengthens institutional readiness for Direct Access and addresses technical barriers to accreditation while embedding standards that make future proposals fundable from the outset.

40. The ripple effect carries downstream: Stronger institutional systems and policies enable faster, higher-quality accreditation outcomes, more capable national implementing entities, expanded pipelines of fundable adaptation projects, stronger country ownership and a larger, more sustainable Adaptation Fund portfolio aligned with national adaptation priorities.

41. **Availability:** Grant Funding under Sub-component 1 would be available on a rolling basis as and when an NIE applicant requests it.

42. **Eligibility:** The entity must have been nominated by the Adaptation Fund DA and must be on the official Adaptation Fund accreditation workflow. This grant sub-component will be triggered

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after the Secretariat completes screening and the accreditation application is handed over to the Accreditation Panel. The grant funding is available as a once off grant allocation per NIE.



Figure 10: GrantSub-component 1 support areas (IE Responses)

43. **Purpose:** The grantsSub-component 1 aims to advance direct access in developing countries and promotes the accreditation of NIEs. This grant also lays the groundwork for developing a standardized, institution-wide framework for climate adaptation. While many organizations maintain overarching policies, they often lack the sector-specific operational guidance necessary to translate high-level safeguards into practical, project-level requirements. By institutionalizing these capacities, the grantsSub-component reduces transaction costs and eliminates the need to reinvent risk-screening, fiduciary and gender-mainstreaming protocols for every new proposal. By developing tools that utilize measurable, data-driven indicators, institutions can ensure that every proposal is fundable from the outset. This focus on future readiness ensures that the transition from accreditation to implementation is seamless, minimizing the likelihood of technical corrective-action requests or prolonged review cycles. NIEs can use the grantsSub-component 1 to recruit fiduciary, governance and other experts to navigate the accreditation process to effectively address technical gaps and challenges, complete the process and obtain accreditation with the Fund.

Key grant activities

- **Policy development:** Development and strengthening of key policies, systems, and procedures (ESP, Gender, SEAH, Results Frameworks), to enable NIE candidates to navigate the accreditation process faster.
- **Address specific gaps** from initial screening, translate documents, and set up PMU/committees to navigate the panel review.

Sub-component 2: Sectoral Systems Strengthening B.2. ~~Grant to support development of sectoral manuals for thematic policy and Sectoral Institutional sStrengthening Grant~~ [New]

~~32.44.~~ 44. —This sub-component will support accredited NIEs and RIEs in translating the Fund's policies and requirements into institutionally adopted, sector-specific manuals, procedures, tools, data arrangements and staff capabilities. It will enable entities to move from project-by-project compliance toward consistent institutional systems for developing and implementing adaptation interventions in sectors within their mandates. ~~The Sectoral Institutional Strengthening Grant helps accredited entities embed Fund requirements into sector-specific tools, instruments, systems, and guidance and data arrangements. It complements the Readiness Package Grant, which supports accreditation, and the Accreditation Continuum Grant, which addresses performance gaps affecting continued accreditation.~~

45. ~~Amount~~**Maximum allocation:** Up to \$25,000 ~~\$25,000-per sector-~~, subject to a maximum cumulative ceiling of \$60,000, per entity during the 2027–2029 strategy period. It is proposed that ~~the grant~~ funding under this sub-component be made available via a tiered ~~tiered~~ grant approach enabling ~~of up to \$25,000 for one sector, \$45,000 for two sectors and \$60,000 for three sectors, thereby reflecting shared institutional costs up to a cap of \$75,000 per entity for a maximum of three sectors.~~ ~~The proposed for the 11 AF sectors~~

Recipients: Accredited NIEs and RIEs

~~Grant v~~**Value proposition**

~~This grant~~Sub-component 2 will fund one-off sectoral manuals that embed the Fund's Environmental and Social Policy, Gender Policy and Policy on SEAH into proposal design. Where requested by countries and consistent with the Fund's mandate, the manuals may also incorporate relevant GGA-related approaches. This support will strengthen organization-wide systems, enabling accredited NIEs and RIEs to move beyond project-by-project compliance towards consistently high-quality project development while reducing transaction costs and duplication of effort. ~~By funding one-off sectoral manuals that embed the Fund's ESP, Gender Policy, policy on SEAH, and where requested by countries and consistent with the Adaptation Fund's mandate, relevant GGA-related approaches, directly into proposal design, this grant strengthens organization-wide systems that move accredited NIEs and RIEs beyond project-by-project compliance towards consistent high-quality project development, cutting transaction costs and duplicated effort.~~

46.

47. ~~The ripple effect compounds;~~ Stronger institutional systems enable more consistent project design, higher-quality and more fundable proposals, as well as expanded and more sustainable Adaptation Fund project portfolios aligned with national adaptation priorities.

48. **Availability:** ~~The grant~~Funding under this sub-component will be available on a rolling basis to NIEs and RIEs following successful accreditation. It may be accessed during project or programme development or implementation where the proposed activities strengthen institution-

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wide sectoral systems and are additional to, and do not duplicate, activities financed under an existing project or programme. ~~Grants would be available on a rolling basis throughout the year over the three3 years of the strategy. Where accessed during project or programme implementation, the grant must finance institution wide systems and capacities that extend beyond the requirements and scope of the individual project. It must not duplicate activities, costs or compliance obligations already financed through the project or programme budget.~~

49. **Eligibility:** ~~Accredited NIEs and RIEs that demonstrate a need to institutionalize sector-specific systems, procedures, guidance, tools or data-management arrangements. Applicants must demonstrate an institutional mandate or credible pipeline in the relevant sector, explain how the outputs will be formally adopted and applied across the institution, and confirm that the proposed activities do not duplicate support financed through an existing project, programme or readiness grant.~~ ~~Accredited NIEs and RIEs that demonstrate a need to transition from project-specific compliance toward institution wide systems within one or more priority sectors. Applicants must demonstrate an institutional mandate or credible project pipeline in the proposed sector and explain how the resulting systems, guidance and tools will be formally adopted and applied.~~ ~~NIEs/RIEs that have successfully maintained their accreditation status and demonstrate a need to transition from project-based compliance to institution wide thematic frameworks.~~

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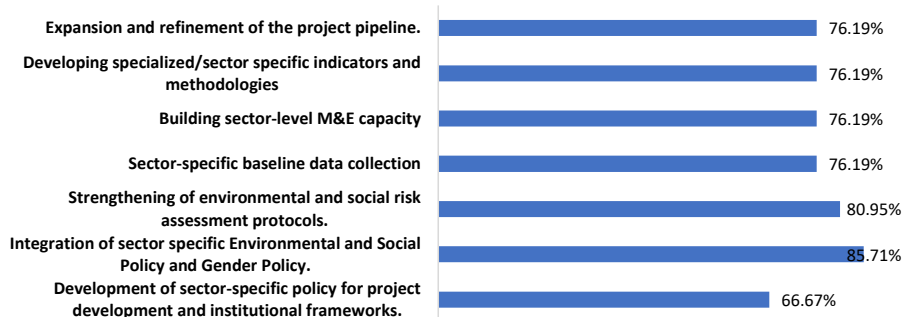


Figure 11: Grant Sub-component 2 support areas (IE responses)

Purpose: ~~The Sectoral Institutional Strengthening Grant~~ ~~Sub-component 2~~ will support accredited NIEs and RIEs in moving from project-by-project compliance towards institution-wide systems for developing and implementing adaptation projects in specific sectors. It will enable entities to incorporate the Fund's Environmental and Social Policy, Gender Policy and ~~Policy on Sexual Exploitation, Abuse and Harassment~~ ~~SEA~~ into sector-specific manuals, procedures, operational guidance, data-management arrangements and project-development tools. Where requested by countries and consistent with the Fund's mandate, support may also integrate relevant GGA-related approaches.

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50. Recognizing the diverse mandates, institutional types and national contexts of accredited entities, support will be tailored to their sectoral responsibilities and capacity gaps. By standardizing processes, strengthening sector-specific data and baselines, and embedding Fund

requirements in project formulation, the grant sub-component will reduce duplicated effort, improve project quality and consistency, strengthen governance and accountability, support scalable project pipelines, and contribute to continued accreditation. This grant is for NIEs to transition from a project-by-project compliance model toward a structured, institution-wide framework. By providing the resources to institutionalize sector-specific guidance, the grant directly addresses capacity constraints. The development of specialized manuals standardizes internal processes and ensures that high-level safeguards are embedded into the formulation phase of every proposal. This includes integrating Environmental and Social Policy (ESP), complying with the Fund's Gender Policy (GP), and aligning with Global Goal on Adaptation (GGA) indicators. This systemic shift reduces transaction costs, minimizes the duplication of effort at the individual project level, and significantly improves the quality of financing proposals. A primary focus is the improvement of sector-specific data collection and evidence-based baselines. As data remains a critical element in the preparation and reporting of climate action, this grant helps institutions move away from fragmented information toward systematic data management. By institutionalizing these capacities across sectors, the grant could also contribute to the expansion and refinement of a coherent and scalable project pipeline. This will also allow NIEs to perform better on the re-accreditation process with the Adaptation Fund, reinforce their governance and accountability frameworks, and ultimately deliver more consistent, high-quality interventions. By translating high-level environmental and social safeguards and gender requirements into standardized sectoral manuals, procedures, operational and project development guidance, the grant strengthens institutional capacity, improves consistency and quality in project design and implementation, and supports more effective long-term compliance with the Fund's ESP and GP requirements.

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Key grant activities

Developing entity-specific sectoral manuals, policies, procedures and operational guidance.

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Translating ESP, and GP and SEAH requirements into practical sector-level screening, design, implementation and monitoring procedures.

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Developing standardized project-development templates, checklists and quality-assurance tools.

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Establishing sector-specific data-management protocols, indicators and evidence-based baseline methodologies.

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Integrating relevant GGA indicators and approaches into institutional planning, project design and reporting systems.

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Strengthening sector-specific fiduciary, governance and accountability procedures.

Training staff and piloting, reviewing and refining the resulting tools and systems. Training relevant staff to apply the new

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28. ~~Training relevant staff to apply the new systems and tools.~~ Manual development: ~~Develop detailed, sector-specific guidance manuals and policy guidelines aligned with Adaptation Fund project sectors.~~ ~~Training relevant staff to apply the new systems and tools.~~

~~Policy integration: Incorporate ESP and GP requirements into sectoral manuals, and cascade high-level safeguards into practical, project-level requirements.~~

~~Institutional alignment: Support alignment with GGA indicators at the institutional level and build capacity to meet fiduciary standards within specific technical sectors.~~

~~Enabling environment: Strengthen the enabling environment for project development and engage to move beyond a per-project approach.~~

Sub-component 3: Accreditation B.3. Accreditation Ceontinuum gGrantSupport [New]

51. ~~It should be noted that the modalities for this grant sub-component would be finalized following the Adaptation Fund Board's consideration of the proposed continuous accreditation model. Sub-component 3 will provide targeted assistance to accredited NIEs to address material institutional or performance gaps identified through Secretariat monitoring and Accreditation Panel review that could affect continued accreditation. Support may be used to strengthen governance, fiduciary controls, procurement, monitoring and evaluation, risk management, reporting systems and related staff capabilities.~~

~~Amount~~Maximum allocation: \$150,000 per accredited NIE

~~Recipients:~~ NIEs undergoing reaccreditation.

Grant vValue proposition

52. ~~This grant sub-component safeguards the continuity of Direct Access by enabling accredited NIEs to address performance gaps identified during implementation, strengthening their long-term institutional effectiveness.~~

53. ~~The ripple effect is portfolio stability: Stronger institutional performance and governance enables successful sustenance of accreditation, continued access to Adaptation Fund resources, sustained development and implementation of high-quality adaptation projects and a stronger, more resilient national Adaptation Fund portfolio aligned with national adaptation priorities.~~

54. ~~Availability: Funding under this sub-component would be Aavailable on a rolling basis as and when an entity is flagged to receive such support by the Accreditation Panel.~~

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55. **Eligibility:** Triggered by red flags in monitoring, for instance, failure to submit quality M&E reports on time). The Secretariat Results Impact and Knowledge (RIK) team flags the entity, based on PPR reviews passed on to the Accreditation Panel, which further decides whether full or partial reassessment is required and identifies focus areas for the IE to maintain active accreditation. ~~Grant ends upon IE submission of a complete accreditation application and Secretariat screening.~~

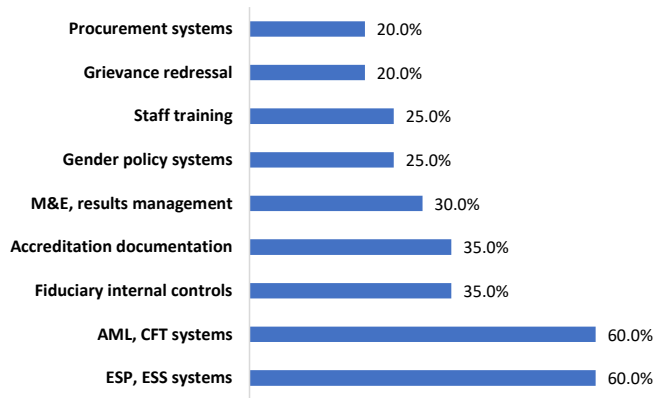


Figure 12: GrantSub-component 3 support areas (IE Responses)

56. **Purpose:** ~~This grant~~Sub-component 3 offers NIEs a pathway to maintain eligibility by preemptively addressing expected roadblocks during the re-accreditation cycle. By focusing on addressing performance-based gaps identified during project implementation, NIEs can expect to gain a more streamlined and predictable re-accreditation process, reducing the turn-around time and preventing the diversion of staff bandwidth away from active project implementation. ~~Using this grant,~~Through this sub-component, NIEs can strengthen internal governance and accountability frameworks. This systemic upgrade addresses specific gaps flagged by the Accreditation Panel ~~and also~~and prepares the entity to manage larger, more complex adaptation projects.

Key grant activities

- **Address specific gaps and fix systemic reporting or fiduciary weaknesses** identified by the panel through targeted capacity building.
- **Systems development and staff training:** Improve internal IT, financial tracking systems, and procurement policies for better project reporting and procurement management.
- **M&E strengthening:** Develop M&E systems, including specialized training for M&E staff to improve compliance with Adaptation Fund standards as well as post project evaluations.
- **Risk monitor:** Build systems for environmental and social risk monitoring and reporting to reduce implementation risks.

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57. It should be noted that there are key distinct features that distinguish the Sub-component 2 (-Sectoral Institutional Systems Strengthening) Grant and the Sub-component 3 (Accreditation Continuum Support) Grant to strengthen complementarity and avoid duplication. These features are presented below. ~~re~~

Feature	Sectoral Institutional Strengthening Grant	Continued-accreditation Accreditation Continuum Support Grant
Nature	Proactive capacity strengthening	Corrective or remedial support
Trigger	Entity identifies a sectoral systems gap	Accreditation Panel and Secretariat or monitoring process identifies a performance gap
Timing	During active accreditation	During continued-accreditation or reassessment processes
Focus	Institutionalizing systems and improving project pipelines	Addressing specific weaknesses threatening affecting accreditation status
Access	Entity-initiated	Performance- or review-triggered

Support for

E.C. Project Scale-up Grant for (NIEs and RIEs) [Existing and Enhanced]

58. The support for Project Scale-up Grant is an existing grant that will be enhanced to improve its relevance to implementing entities and its effectiveness in supporting the scaling up of successful activities and approaches demonstrated through funded projects and programmes. The enhanced grant funding window will provide more responsive support for developing the evidence, technical work, partnerships and institutional arrangements needed to expand proven adaptation interventions and their impact.

Amount: \$300,000 per project to be scaled up.

Recipients: Accredited NIEs and RIEs

Grant Value proposition

59. This grant funding window addresses critical barriers to expanding proven interventions. It closes the gap between proven successful adaptation projects and programmes and large-scale climate impact by giving accredited NIEs and RIEs dedicated resources to scale up activities that have already demonstrated results with the Fund.

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60. By strengthening technical evidence and institutional capacity, the ~~grant~~ funding window creates the conditions to sustain and extend the impact of existing projects.

61. **Availability:** ~~Grant~~The funding window is available on a rolling basis as and when needed for each project based on eligibility criteria for the project.

62. **Eligibility:** NIEs that have tangible achievements on their project/programme with the Fund and are nearing completion as evidenced by the submission of at least two project performance reports for projects with a life span of less than 4 years, or a mid-term evaluation/review for projects with a life span of more than 4 ~~years, or years~~ or have completed implementation as demonstrated by the submission of the project/programme terminal evaluation report.

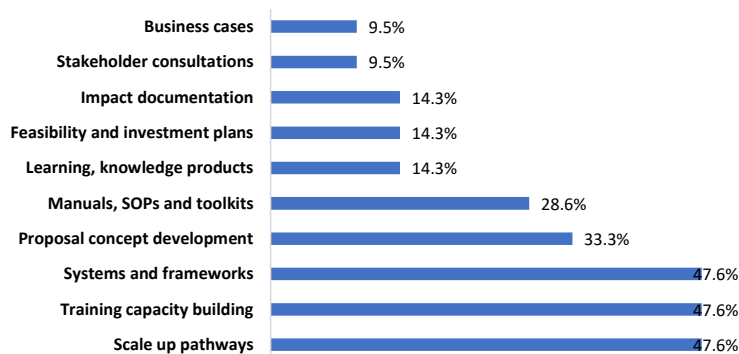


Figure 13: ~~Grant~~Readiness funding support areas (IE responses)

63. **Purpose:** This ~~grant~~ funding window is to bridge the gap between initial project success and large-scale climate impact by addressing the scale up process. This includes support for 1) project ideation and development, 2) aligning IE policies and practices with the Fund's requirements, and 3) addressing technical and capacity needs.

64. NIEs have indicated a lack of standardized scale-up frameworks and pathways, leading to fragmented implementation and lost institutional memory. The assistance targets the specific analytical hurdles that stall proposals for scale-up. The ~~grant~~ funding window addresses these institutional gaps by ensuring supporting project/programme planning, design and development for scaling up completed or ongoing successful projects, *whether funded by the Adaptation Fund or other mechanisms*. The ~~grants~~ funding window is expected to enable expansion or replication of concrete adaptation activities. NIEs frequently face constraints in performing the analyses (such as vulnerability assessments, feasibility studies, socio-economic studies, cost-effectiveness studies) required for expanded operations, as well as the climate risk assessments needed for new geographies for expansion. The ~~grant~~ window offers dedicated resources to be deployed to conduct technical studies, engage with relevant stakeholders and conduct internal

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capacity-building trainings. Moving to a scaled-up project rollout is costly and data-intensive, and this support facilitates the gathering of evidence needed to demonstrate value-for-money. This **grant-funding window** could allow proven interventions to translate to programmatic, multi-sector, or even multi-country investment concepts.

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Key grant activities

Technical studies such as vulnerability assessments, feasibility studies, socio-economic studies, cost effectiveness studies, etc.

Pipeline expansion: Project concepts/strategies or full proposal documents for scale-up.

Institutional capacity: Trainings to strengthen institutional capacity to report on results and indicators and bridge the gap between small-scale readiness and full-scale implementation.

Potential funding exposure for the proposed readiness funding windows

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65. Under a maximalist scenario in which every eligible NIE, RIE and DA accesses the maximum funding available, the proposed funding windows could generate commitments of approximately US\$103 million over 2027–2029, equivalent to approximately US\$35 million annually. This represents a theoretical commitment ceiling rather than a forecast of expected demand, as it assumes full, simultaneous uptake across all funding windows, a pattern the Readiness Programme has historically never approached. It is presented solely to establish the upper bound of the Fund's potential readiness commitments.

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66. Actual access during FY2023–FY2025 was limited to six readiness grants, two in FY2023, one in FY2024 and three in FY2025. All six were Readiness Package Grants and no Technical Assistance Grants or Project Scale-up Grants were approved during this period. Extrapolating this historical annualized access rate of approximately 6 per cent forward would imply annual commitments of approximately US\$2 million under the proposed funding windows.

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67. However, it is not recommended to apply the historical rate uniformly across all proposed funding windows. The six-grant historical base relates to a single readiness grant and provides no direct evidence of likely demand for the proposed new or enhanced funding streams. A higher planning assumption is nevertheless reasonable because the strategy seeks to reduce identified access barriers through streamlined application and legal arrangements, broader eligibility, more relevant forms of support and the grouping of related activities under coherent funding windows. However, uptake may still be constrained by entity demand, application capacity, eligibility requirements, review timelines and implementation readiness, consistent with issues identified by the AF-TERG readiness evaluation.

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68. Given the limited historical evidence, and considering the above issues, resource requirements could be considered using the following scenarios:

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Scenario	Assumed uptake	Approximate annual commitment	Planning purpose
Conservative	6%	US\$2 million	Reflects the recent historical trend
Base case	10%	US\$3.5 million	Accounts for a moderate increase resulting from the strategy's reforms
Upper planning case	15%	US\$5 million	Provides flexibility if demand grows more quickly than anticipated
Maximalist ceiling	100%	US\$35 million	Indicates maximum potential exposure only

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Scenario	Assumed uptake	Approximate annual commitment	Planning purpose
Conservative	6%	US\$2 million	Reflects the recent historical trend
Base case	10%	US\$3.5 million	Accounts for a moderate increase resulting from the strategy's reforms
Upper planning case	15%	US\$5 million	Provides flexibility if demand grows more quickly than anticipated
Maximalist ceiling	100%	US\$35 million	Indicates maximum potential exposure only

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69. It is recommended that the Board use the **10 per cent base case which implies approximately US\$3.5 million annually as the initial resource-planning assumption**, while allowing for annual commitments of up to approximately US\$5 million if demand is stronger than expected. It is also recommended that the forecast be reviewed after the first year of implementation and adjusted based on actual applications, approvals and implementation capacity. The higher ceilings proposed under some funding streams could increase the value of individual commitments, but actual uptake will need to be established through implementation experience.

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A. Readiness package grant [ENHANCED]

The Readiness Package Grant is not a new instrument and — it already exists under the Adaptation Fund's Readiness Programme., and tThe Readiness Strategy 2027–2029 seeks to enhance its the grant effectiveness rather than introduce a new modality. As under current arrangements, the grant will continue to be accessed via accredited Implementing Entities,

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while applicant NIEs navigating the accreditation process will remain its ultimate beneficiaries. Consistent with its existing design, the grant will also continue to facilitate South-South cooperation and peer-to-peer support, drawing on the experience of already accredited entities to support applicants working toward accreditation. It will continue to facilitate South-South cooperation and peer-to-peer support by enabling accredited entities to share relevant experience, expertise and practical guidance with applicant entities seeking accreditation.

Amount: \$250,000 per NIE applicant

Recipients: NIE applicants navigating the Fund's accreditation process.

Grant value proposition

By providing targeted support to NIE applicants, this grant builds institution-wide capacities rather than one-off fixes. It speeds accreditation, strengthens institutional readiness for Direct Access and addresses technical barriers to accreditation while embedding standards that make future proposals fundable from the outset.

The ripple effect carries downstream: Stronger institutional systems and policies enable faster, higher-quality accreditation outcomes, more capable national implementing entities, expanded pipelines of fundable adaptation projects, stronger country ownership and a larger, more sustainable Adaptation Fund portfolio aligned with national adaptation priorities.

Availability: Grant would be available on a rolling basis as and when an NIE applicant requests it.

Eligibility: The entity must have been nominated by the Adaptation Fund DasA and must be on the official NIE Adaptation Fund AF accreditation workflow, and the grant is available for accreditation of NIEs that have been nominated/identified by DAs. This grant can will be triggered after the Secretariat completes screening and the application is handed over to the accreditation panel. The grant is available as a once-off grant per NIE.

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Figure 8: Grant support areas (IE Responses)

Purpose: The grant aims to advance direct access in developing countries and promotes the accreditation of NIEs. This grant also lays the groundwork for developing a standardized, institution-wide framework for climate adaptation. While many organizations maintain overarching policies, they often lack the sector-specific operational guidance necessary to translate high-level safeguards into practical, project-level requirements. By institutionalizing these capacities, the grant reduces transaction costs and eliminates the need to reinvent risk screening, fiduciary and gender mainstreaming protocols for every new proposal. By developing tools that utilize measurable, data-driven indicators, institutions can ensure that every proposal is bankable fundable from the outset. This focus on future readiness ensures that the transition from accreditation to implementation is seamless, minimizing the likelihood of technical corrective action requests or prolonged review cycles. NIEs can use the grant to recruit fiduciary, governance and other experts to navigate the accreditation process to effectively address technical gaps and challenges, complete the process and obtain accreditation with the Fund.

Key grant activities

- **Policy development:** Development and strengthening of key policies, systems, and procedures (ESP, Gender, Results Frameworks), to enable NIE candidates to navigate the accreditation process faster.
- **Address specific gaps** from initial screening, translate documents, and set up PMU/committees to navigate the panel review.

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B. Performance-based reaccreditation/aAccreditation continuum grant [NEW]

— It should be noted that the modalities for this grant would be finalized following the Adaptation Fund Board's consideration of the proposed continuous accreditation model.

Amount: \$150,000 per accredited NIE

Recipients: NIEs undergoing re-accreditation.

Grant value proposition

This grant safeguards the continuity of Direct Access by enabling accredited NIEs to address performance gaps identified during implementation, strengthening their long-term institutional effectiveness.

The ripple effect is portfolio stability: Stronger institutional performance and governance enables successful sustenance of accreditation, continued access to Adaptation Fund resources, sustained development and implementation of high-quality adaptation projects and a stronger, more resilient national Adaptation Fund portfolio aligned with national adaptation priorities.

Availability: Available on a rolling basis as and when an entity is flagged to receive such support by the Accreditation Panel.

Eligibility: Triggered by red flags in monitoring, for instance, failure to submit quality M&E reports on time). RIK team flags the entity, based on PPR reviews passed on, to the Accreditation Panel, which further decides whether full or partial reassessment is required and identifies focus areas for IE to maintain active accreditation. Grant ends upon IE submission of a complete accreditation application and Secretariat screening.

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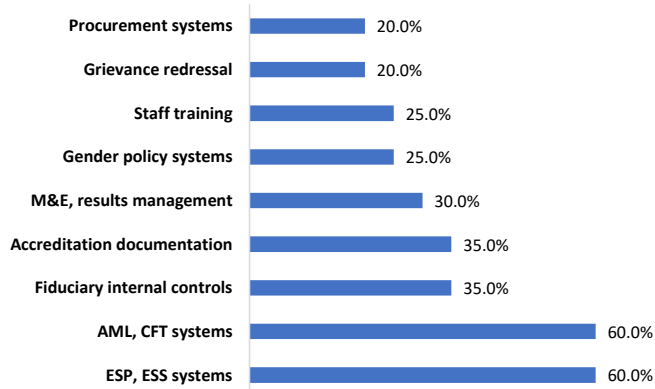


Figure 9: Grant support areas (IE Responses)

Purpose: This grant offers NIEs a pathway to maintain eligibility by pro-emptively addressing expected roadblocks during the re-accreditation cycle. By focusing on addressing performance-based gaps identified during project implementation, NIEs can expect to gain a more streamlined and predictable re-accreditation process, reducing the turn-around time and preventing the diversion of staff bandwidth away from active project implementation. Using this grant, NIEs can strengthen internal governance and accountability frameworks. This systemic upgrade addresses

specific gaps flagged by the Accreditation Panel and also prepares the entity to manage larger, more complex adaptation projects.

Key grant activities

- **Address specific gaps and fix systemic reporting or fiduciary weaknesses** identified by the panel through targeted capacity building.
- **Systems development and staff training:** Improve internal IT, financial tracking systems, and procurement policies for better project reporting and procurement management.
- **M&E strengthening:** Develop M&E systems, including specialized training for M&E staff to improve compliance with Adaptation Fund standards as well as post project evaluations.
- **Risk monitor:** Build systems for environmental and social risk monitoring and reporting to reduce implementation risks.

Annex III: Implementation Plan

70. Through Decision B.42/43, the Adaptation Fund Board directed the Secretariat to integrate two parallel processes: a comprehensive review of the ~~existing Readiness Programme~~ led by the Secretariat and an evaluation of the ~~existing Readiness Programme~~ same programme, carried out by the Technical Evaluation Reference Group (TERG). The objective of this consolidation is to develop a single, cohesive proposal for ~~an enhanced Readiness Programme~~ a Readiness Strategy, 2027-2029, that expands scope and eligibility, delivers demand-driven and tailored support, strengthens partnerships, and assesses options for broadening technical assistance grants for national and regional implementing entities.

71. The dynamic readiness portfolio management approach and iterative implementation cycle of the ~~enhanced RP Readiness Programme~~ Readiness Strategy 2027-2029, will include a process of assessing, reviewing and adjusting readiness and capacity building activities on an annual basis. It is anticipated that adjustments to activities will be required after the first year of implementation to ensure that the ambition of the cyclical implementation approach is realised. The Year 1 budget includes a modest increase over the previous period to align financial resources with the scope of work, newly defined outcomes, and key recommendations from recent evaluations. The annual budget is expected to fluctuate as per the iterative nature of the ~~R Readiness Strategy~~ Readiness Strategy 2027-2029 implementation but is capped at \$856,500 for implementation of activities in Year 1. Subsequent implementation will be informed by annual assessments, data analyses and reviews. The Fund will seek to leverage the annual budget by engaging other climate funds under the UNFCCC and Paris Agreement to enhance coordination, complementarity, and long-term planning and capacity and capability strengthening through joint activities where feasible. This is also reflected in the ~~programme strategy~~ activities.

72. The Board's decision to establish ~~an enhanced Readiness Programme~~ Readiness Strategy 2027-2029, comes at a time when the Fund's network of accredited entities has grown to 64 implementing entities, including 41 NIEs and 9 RIEs spanning 18 entities in Africa, 14 in Asia and the Pacific, and 187 in Latin America and the Caribbean, and accreditation applications more than doubled from 21 to 46 in 2025 alone. Delivering on this expanded mandate with the current staffing complement poses capacity challenges for the Secretariat.

73. The TERG evaluation of the existing Readiness Programme underscored the need for systematic regional mapping, sustained use of data and regular analytical assessments to inform programming, and more tailored, context-specific support for entities at different stages of accreditation and project development. These needs are expected to become more pressing following the increase in the Fund's country cap to US\$40 million and the COP30 Global Mutirão decision calling for the tripling of adaptation finance by 2035. These developments expand the scale of engagement expected through readiness support across all regions. Strengthening regional support will therefore be important to help developing countries and entities identify capacity gaps, develop stronger project pipelines, and effectively access and programme increased adaptation finance. The TERG evaluation of the existing ~~RR Readiness Programme~~

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~~underscored the need for systematic regional mapping, the sustained use of data and regular analytical assessments to inform programming, and more tailored, context-specific support to entities at different stages of accreditation and project development. To address these findings, the Secretariat proposes the interim use of individual contractors (ICs) as per the new World Bank policy on hiring consultants. Each IC would be assigned a dedicated regional portfolio—Africa; Asia and the Pacific; and Latin America and the Caribbean. The Junior-level ICs represent a modest investment relative to the scale of the enhanced mandate, particularly at a time when the Board has doubled country caps to US\$ 40 million and the COP30 Global Mutirão decision calls for tripling adaptation finance by 2035. The additional personnel support would ensure that entities and developing countries in all regions are equipped to access and program these expanded resources not just as an optional enhancement to climate finance, but a strategic necessity.~~

74. To respond to these developments, the strategy proposes that the Secretariat assess, during implementation, the most effective approach to strengthening regional support capacity. This assessment would consider implementation experience, demonstrated regional needs, workload, available resources, and applicable World Bank policies and procedures. It would examine a range of possible modalities, including, among others, regional advisors and other staffing or contracting arrangements consistent with World Bank policy. Any arrangement adopted would aim to support more sustained engagement with implementing entities and Designated Authorities, improve monitoring of institutional capacity trends, and enable readiness support to be tailored to regional and country-specific circumstances. ~~This approach also responds directly to the TERC evaluation recommendations calling for stronger regional mapping, systematic use of data, and regular analytical feedback to better target readiness support and maximize impact. These ICs would enable the Fund to adopt a more sustained, relationship-based readiness engagement process and would strengthen country engagement, improve monitoring of institutional capacity trends, support coordinating regionally differentiated support, and enhance engagement with implementing entities and Designated Authorities.~~ Importantly, junior-level ICs represent a cost-efficient staffing solution that enables the Fund to scale delivery, safeguard quality, and protect its reputation for responsiveness and country ownership, while ensuring that limited financial resources are translated into measurable adaptation outcomes for developing countries.

75. Based on this assessment, the Secretariat will bring forward a recommended approach for consideration. Regardless of the modality proposed, the objective would be to strengthen the Fund's capacity for sustained, context-specific engagement with implementing entities, DAs and other Fund stakeholders across regions, so that limited financial resources are translated into measurable adaptation outcomes for developing countries.

76. ~~At the conclusion of the implementation period of the Adaptation Fund Readiness Strategy 2027-2029, an independent evaluation will be undertaken to assess its effectiveness, relevance, efficiency, and impact of the programme in achieving its strategic objectives. The findings and recommendations of the evaluation will inform the Adaptation Fund Board's consideration of the future direction and design of a subsequent Readiness Strategy, including alignment with the Fund's Medium-Term Strategy and evolving country needs and priorities.~~

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Table 1. Readiness **Programme Strategy 2027-2029** implementation plan for year one **of the three-year programme (2026-20282027-2029)**

RP Outcome	Strategic Investment Area	Related Output	Key Activities for Year 1
Outcome 1* & 2**	Tailored, Capacity Building and Training for IEs – Accredited IEs have increased capacity to develop and implement high quality adaptation projects and programs aligned with their national strategies and priorities	Tailored, demand-driven and stakeholder-specific training and capacity building programmes and activities are conducted DAs, Accredited IEs and Accreditation applicants receive capacity building training Accreditation applicants comply with fiduciary process and ESP/Gender/SEAH policies and DAs apply for the transition process	Regional write-shops, IE typology-based webinars, accreditation training, NIE seminars, targeted training and capacity building for DAs
	Capacity Building Products and Digital Tools	Readiness materials, decision making tools, capacity building platforms and digital tools accessed	Readiness toolkits, GGA guidance dissemination, DA accreditation toolkit, digital platforms
Outcome 1, 2 & 3***	IE Peer Exchanges and Communities of Practice – Improved IE processes for procurement, project endorsement, and environmental and social risk monitoring and reporting	Institutional alignment with GGA, Dedicated communities of practice and IE exchanges supported	SIDS/LDC global event, IE country exchanges, CPDAE support.
Outcome 2	RP Monitoring, Learning and iterative Programme Strategy Improvement	~~RP—Strategy~~ activities tracked and monitoring system implemented,	Annual capacity and TA needs assessments by region, ~~programme strategy~~ review and feedback loops
Outcome 3	Strategic Partnerships and Readiness Ecosystem Mapping – Broadened stakeholder engagement is supported, and complementarity between providers of readiness and capacity building support is enhanced	Strategic collaboration and implementation of joint readiness initiatives with other climate funds and providers of readiness and capacity building support enhanced	Mapping readiness providers, developing joint activities with other climate funds and providers of readiness and capacity building support

* Accredited IEs develop and implement high quality ~~proposals and have capacity to implement good quality~~ adaptation projects which advance national priorities and ~~are in alignment with~~ contribute to their GGA priorities

******Accreditation applicants (IEs and RIEs) are aware of available accreditation-related readiness support, strengthen their capacity to achieve accreditation and subsequently access Adaptation Fund financing ~~are aware, achieve accreditation and successfully access new and additional climate finance~~

*******~~Strengthened Collaboration & Coordination~~—Strategic collaboration and coordination between the Adaptation Fund, other climate funds and partners empowers developing countries to address their adaptation needs

Annex IV: Monitoring Framework

77. The Secretariat will monitor the Readiness Programme (RP) Strategy 2027-2029 implementation progress through the Fund's Annual Performance Report, as a part the continuous and iterative implementation cycle, and ensuring alignment with the Fund's Strategic Results Framework (SRF).

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78. The RP monitoring framework is designed to align with and support the Fund's SRF by tracking how readiness and capacity-building activities strengthen the institutional systems that enable countries to access and implement adaptation finance. While the SRF measures the results and impacts of Adaptation Fund projects and programmes at the portfolio level, the readiness monitoring framework focuses on upstream outcomes such as improved institutional capacity, stronger project pipelines, expanded direct access, and enhanced collaboration. The results generated through readiness activities—such as higher-quality project proposals, newly accredited entities, and strengthened national systems—feed into the SRF by enabling more effective project implementation and contributing to the Fund's overall adaptation outcomes and impacts.

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79. Given the iterative nature of the RP strategy Readiness Strategy 2027-2029, portfolio management will prioritize 'internal reflection points,' specifically analyzing how readiness support directly improves the quality and compliance of subsequent project proposals. This approach allows for a dynamic portfolio where activities are adjusted annually based on real-time feedback from implementing entities and partners. By keeping Output indicators high-level, the framework remains flexible enough to capture and learn from demand-driven activities without requiring a heavy, standalone MEL infrastructure.

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80. Table 2, below, details the RP-Readiness Strategy 2027-2029 monitoring framework with outcomes and the respective outputs (results framework) indicators, for the period of 2026-2028, that will be reported on through the annual reporting cycle, including the indicative sources of data. The monitoring framework provides the core structure around which to measure the achievement of results across the programme. It provides a foundation which will allow the logic of the programme strategy to be tested and adjusted where evidence suggests this is necessary. The outcomes indicated in the M&E framework are intended to be high-level to allow for the inclusion of demand-driven, and context-specific activities that emerge through the dynamic, cyclical implementation approach.

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Should the need arise, additional outputs may be articulated to ensure that the Fund is capturing, reflecting on, and learning from the emergent capacity building and readiness activities and their efficacy.

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33-81. The Readiness Strategy's monitoring framework serves as a foundational tool for the independent evaluation to be undertaken at the end of the strategy's implementation period, providing a structured basis for tracking progress, measuring results, and capturing evidence of change throughout the implementation cycle. The data and information systematically collected through the monitoring framework will feed directly into the independent evaluation, enabling a comprehensive and evidence-based assessment of the strategy's overall performance and

impact. In turn, the findings and recommendations emerging from this independent evaluation will serve as a key input to inform the Board's consideration of a new Readiness Strategy, which will be developed in alignment with the Fund's Medium-Term Strategy to ensure strategic coherence and a coordinated approach to supporting developing country readiness and capacity building needs.

Table 2. Readiness Programme Strategy 2027-2029 outcomes and associated outputs/indicators (refer to Figure 4 for the illustrated Theory of Change for the Readiness Programme which indicates the linkages amongst respective outputs and outcomes)

Goal: By 2035 AF-supported entities become catalysts for locally led scalable adaptation action that delivers lasting impact for the most climate-vulnerable				
Objective (i): to strengthen the capacity of national and regional entities to accelerate high-quality well designed, locally led, and scalable adaptation actions that meet applicable Fund standards and aligned with national priorities				
Objective (ii): to accelerate climate finance access by empowering IEs, both accredited and those seeking accreditation, through innovative readiness tools and capacity building				
Objective (iii): to partner with climate funds and stakeholders to harmonize support, enhance complementarity, and maximize the impact of readiness efforts across all levels				
ToC Level	Outcome Strategic Focus	Indicator	Disaggregation	Data Source
Outcome 1	Accredited IEs develop high-quality well designed proposals and have capacity to implement good quality adaptation projects that meet applicable Fund requirements and which are aligned with GGA.	Total number of high-quality proposals from accredited IEs supported through readiness activities that meet the necessary technical review standards within three review cycles	By region	Progressive increase during 20267–20289 as captured via the AF proposal and review tracker; Programme Strategy implementation reports
Outcome 2	Accreditation pipeline conversion rate - Accreditation applicants (NIEs and RIEs) are aware of available accreditation-related readiness support, strengthen their capacity to achieve accreditation and subsequently access Adaptation Fund financing are aware, receive accreditation and successfully access new and additional climate finance.	- Number and percentage of accreditation applicants receiving readiness support that achieve accreditation as NIEs/RIEs Number of new entities accredited (NIEs/RIEs) with readiness programme support. - Proportion of newly accredited entities supported by readiness grants that have at least one	By region By type of IE (NIE/RIE)	Post-event surveys at readiness workshops, and webinars; Accreditation application tracker; Readiness Programme portfolio/tracking data; Adaptation Fund project/programme approval and implementation tracker.

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		project/programme approved by the AF Board within 12 months of accreditation.		
Outcome 3	Strategic collaboration between the Adaptation Fund, other climate funds and partners, to empower developing countries to address their adaptation needs.	Number of joint readiness initiatives or formal partnerships implemented with other climate funds and partners.	By region/type of partner	Partnership agreements; ~~Programme~~ —Strategy implementation reports
Outcome 1, 2 & 3	Readiness support reach and effectiveness – IE, DAs and other beneficiaries of readiness support demonstrate strengthened capacity to access and program adaptation finance.	Percentage of readiness beneficiaries (DAs, NIEs, RIEs, accreditation applicants) reporting improved institutional capacity after readiness support.	By stakeholder type By region	Post-support surveys and ~~programme-activity~~ evaluations