



## ADAPTATION FUND

AFB/PPRC.32/20  
18 September 2023

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Adaptation Fund Board  
Project and Programme Review Committee  
Thirty-second Meeting  
Bonn, Germany, 10-11 October 2023

Agenda Item 7b)

**PROPOSAL FOR ADAPTATION FUND  
CLIMATE INNOVATION ACCELERATOR  
(UNITED NATIONS INDUSTRIAL DEVELOPMENT  
ORGANIZATION)**

## Background

1. At its thirty-ninth meeting in October 2022, the Adaptation Fund Board, through Decision B.39/61, approved the Fund's Medium Term Strategy (MTS II) for the 2023 – 2027 period. In the context of increasing climate urgency and needs, the objective for MTS II is to further build on and expand the innovation pillar to capitalize on the Fund's already-established role as an agile, nimble, and pioneering fund with a track record of unlocking innovative approaches for effective adaptation actions and providing climate finance to developing countries.

2. The Adaptation Fund serves the Paris Agreement as well as the Kyoto Protocol, under which it was established. The UNFCCC recent guidance has affirmed the role of innovation in the efforts to address climate change. The Fund's stakeholders identified the Fund's comparative advantage as "at the forefront of innovating and testing new practices and technologies then sharing these, particularly through south-south collaboration."

3. The expected results (ERs) for the innovation pillar under MTS II have been defined as follows:

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

4. The principles of the delivery on the results ER1 through ER4 listed above are included in the MTS II document and adopted by the Board.

- The delivery model included the 'Continuation and expansion of Innovation Facility', including by
- Supporting innovation projects and programmes that encourage multi-stakeholder partnerships by including e.g., youth, women, disabled people, researchers, civil society, indigenous people and the private sector;

- Expanding and encouraging access to innovation grants, including by non-accredited actors
- Exploring further opportunities and modalities that can create space for innovation and risk-taking
- Supporting capacity-building and readiness for innovation to increase countries' and entities' awareness and capacity for developing and implementing innovation projects, including for target groups such as women and youth, and NIEs;
- Enhance learning and sharing of knowledge on innovation in adaptation;
- Explore alignment and synergies with UNFCCC technology framework incl. Technology Needs Assessments and Technology Action Plans; and
- Exploring and creating new partnerships for innovation in adaptation.

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

6. A review of the EOIs was presented to the Project and Programme Review Committee (PPRC) for discussion at its thirty first meeting in Document AFB/PPRC.31/58.

7. Having considered the recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

- (a) *To invite the Pacific Community (SPC) to develop a programme proposal for an amount of up to US\$ 5,000,000;*
- (b) *To invite the Secretariat of the Pacific Regional Environment Programme (SPREP) to develop a programme proposal for an amount up to US\$ 5,000,000;*
- (c) *To invite the United Nations Environment Programme (UNEP) to develop a programme proposal for an amount up to US\$ 10,000,000;*
- (d) *To invite the United Nations Industrial Development Organization (UNIDO) to develop a programme proposal for an amount up to US\$ 10,000,000;*
- (e) *To invite the United Nations World Food Programme (WFP) to develop a programme proposal for an amount up to US\$ 10,000,000;*
- (f) *To invite the implementing entities (IEs) to prepare a programme proposal using the process elaborated in document AFB/PPRC.31/59 for the consideration of the Board at its forty-first meeting;*
- (g) *To invite UNEP, UNIDO and WFP to submit a proposal on extending coordination services to the Adaptation Fund Climate Innovation Accelerator (AFCIA) partnership for consideration by the Project and Programme Review Committee at its thirty-second meeting;*
- (h) *To request the selected IEs to indicate acceptance by letter to the Chair of the Board by no later than two weeks following the date of the official invitation notification;*
- (i) *To request the secretariat to increase the outreach to IEs regarding the AFCIA partnership.*

Decision B.40/57

8. At its thirty first meeting PPRC also considered the document AFB/PPRC.31/59 'Operational Policy and Guidance to Adaptation Fund Climate Innovation Accelerator (AFCIA)' that proposed updated guidance and review criteria for AFCIA proposals.

9. Having considered the recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided to approve document AFB/PPRC.31/59 as a basis for implementing entities, upon invitation by the Board, to prepare their programme proposal.

Decision B.40/58

10. The following fully developed proposal titled "The Adaptation Small and Medium Enterprises Innovation Facility (ASIF)" was submitted by the United Nations Industrial Development Organization (UNIDO) which is a Multilateral Implementing Entity of the Adaptation Fund.

11. This is the first submission of the fully-developed proposal using the one-step submission process.

12. The current submission was received by the secretariat in time to be considered in the forty first Board meeting. The secretariat carried out three technical reviews of the project proposal with the diary number AF00000355.

13. In accordance with a request to the secretariat made by the Board in its 10th meeting, the secretariat shared this review sheet with UNIDO, and offered it the opportunity of providing responses before the review sheet was sent to the PPRC.

14. The secretariat is submitting to the PPRC the summary and, pursuant to decision B.17/15, the final technical review of the project, both prepared by the secretariat, along with the final submission of the proposal in the following section. In accordance with decision B.25.15, the proposal is submitted with changes between the initial submission and the revised version highlighted.



ADAPTATION FUND

## ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: Adaptation Fund Climate Innovation Accelerator

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**Country/Region:** Muti Regional  
**Project Title:** The Adaptation SMEs Innovation Facility (ASIF)  
**Thematic Focal Area:** Multisector project  
**Implementing Entity:** United Nations Industrial Development Organization (UNIDO)  
**Executing Entities:** BFA Global and UNIDO  
**AF Project ID:** AF00000355  
**IE Project ID:** Requested Financing from Adaptation Fund (US Dollars): 10,000,000  
**Reviewer and contact person:** Marcus Johannesson, Naoki Uozawa Co-reviewer(s): Saliha Dobardzic, Alyssa Gomes  
**IE Contact Person:**

### Technical Summary

The project “The Adaptation SMEs Innovation Facility (ASIF)” aims to enhance the resilience and adaptive capacity of vulnerable communities by facilitating the development deployment of innovative climate adaptation technologies and solutions by SMEs. This will be done through the three components below:

Component 1: Ignite (USD 900,000);

Component 2: Propel (USD 5,630,000);

Component 3: Knowledge and Learning (USD 1,896,779).

Requested financing overview:

Project/Programme Execution Cost: USD 672,402

Total Project/Programme Cost: USD 8,426,779

Implementing Fee: USD 900,819

Financing Requested: USD 10,000,000

	<p>The initial technical review raises several issues, such as clarification and consistency of several terms, focus, and targets, EEs fee, disbursement schedule, as is discussed in the number of Clarification Requests (CRs) and Corrective Action Requests (CARs) raised in the review.</p> <p>The second technical review finds that most of the pending issues have been satisfactorily resolved. However, some issues remain to be addressed, such as clarification of several terms such as SMEs and startups/ventures, and country officials, and grievance mechanism.</p>
Date:	23 August 2023

Review Criteria	Questions	Comments 1 <sup>st</sup> Round	Comments 2 <sup>nd</sup> Round
Country Eligibility	1. Does the proposal include a mechanism that will ensure that the participating countries are party to the Paris Agreement and/or the Kyoto Protocol?	<b>Yes.</b>	<p>Please review the proposal as there are highlighted sentences and paragraphs. It also appears that previous tables, including the Disbursement Schedule Table, have not been removed as of the current editing stage. The revised proposal includes repetition of contents: para 141, 162, and 179.</p> <p><b>UNIDO response:</b> The proposal has been reviewed and highlights have been removed from sentences and paragraphs as requested. The V1 Disbursement table has been removed. The repetition paras have been noted and revised accordingly.</p>
	2.	<b>Yes.</b>  The proposal focusses on a global open approach, targeting SMEs in developing countries.	<b>CR1: Clear.</b>  The revised proposal includes brief insights from previous experience that depicts a communication and outreach approach that best could

		<p><b>CR1:</b> Please provide brief insights from previous experience on strategies to promote the engagement of SMEs in the countries most vulnerable to the adverse effects of climate change.</p>	<p>boost engagement with SMEs. (para.24 on page 17, Annex1 and 2)</p>
<p>Project Eligibility</p>	<p>1. Does the proposal describe how the IE plans to secure governments' endorsements of the initiative?</p>	<p><b>Not Clear.</b></p> <p><b>CR2:</b> Figure 7 appears incomplete. The role of government agencies (or DA) is not clear. Please clarify the process for ensuring that the programme is country driven. This should include a description of the process for reporting DA endorsement to the AF during implementation, particularly the role of UNIDO in coordinating with DA on selected projects.</p>	<p><b>CR2: Clear.</b></p> <p>Dialogue between DA and ASIF about fitness of SME proponents is clarified in para 178-180. DA's involvement and engagement with stakeholders in selection and implementation is depicted in Figure 7. Letter of Endorsement will be secured by UNIDO country offices at Propel onboarding stage (para. 72 and 76).</p>
	<p>2. Does the proposal describe how it will source innovation small grant proposals, and screen them for the potential to support concrete adaptation actions to assist the participating countries in addressing the adverse effects of climate change and build in climate resilience?</p>	<p><b>Not Clear.</b></p> <p>The proposal includes four related terms: SMEs, startups, ventures, and entrepreneurs.</p> <p><b>CAR1:</b> Kindly provide clarification on these terms and specify the focus. Please keep in mind that the growth scenario and risk appetite can vary for each category. Also, investors may have different understandings of these</p>	<p><b>CAR1: Not Clear.</b></p> <p>As per footnote 3, SMEs in this program include a broader range of participants. We have noted this. However, the terms: "startup(s)" and "venture(s)", which might suggest specific characteristics like uncertainty and fast growth, are still mixed in the description of activities and indicators along with SMEs. Please provide clarification on</p>

		<p>concepts. For instance, VCs may focus on startups and ventures, while commercial banks might be more interested in SMEs.</p> <p>On p. 14 (para 21) Component 3 is referred to as “Knowledge and Learning”. In other parts of the proposal Component 3 is referred to as “Strengthening the ecosystem for early-stage climate adaptation and resilience solutions.</p> <p><b>CAR2:</b> Please revise so that there is consistency in how components are presented.</p> <p>It is briefly mentioned that the focus areas/themes are chosen based on mandates/priorities (p.16, para 26), and then for each area a short problem statement.</p> <p><b>CR3:</b> Clarify the analysis and selection process of problem areas in a more elaborate way.</p>	<p>these terms and ensure consistency.</p> <p><b>UNIDO response:</b></p> <p>Noted. The words startups and ventures have been replaced by SMEs throughout the proposal and its supplementary documents and is consistent.</p> <p>As highlighted in footnote 3 in main proposal, in this proposal, SMES are defined as micro, small and medium-scale enterprises that operate on a market basis. In some cases where relevant and applicable, corporations also innovating for adaptation solutions resulting in spin-offs genuinely needing support from ASIF also are eligible.</p> <p><b>CAR2: Clear.</b> Language referring to Component 3 (p.16) has been standardized.</p> <p><b>CAR3: Clear.</b> A more elaborate explanation and description provided together with references. (para.26 and 27)</p>
	3. Does the programme contribute meaningfully to the	<b>Not Clear.</b>	<b>CR4: Clear.</b> Definition provided.(para 86)



	<p>Expected Results under the Innovation Pillar:</p> <ul style="list-style-type: none"> <li>i. New innovations and risk-taking encouraged and accelerated</li> <li>ii. Successful innovations replicated and scaled up</li> <li>iii. Access and capacities enhanced for designing and implementing innovation</li> <li>iv. Evidence base generated and shared</li> </ul>	<p>The proposal refers to “the ecosystem” for early-stage climate adaptation &amp; resilience solutions several times, specifically denoted as Output 3.</p> <p><b>CR4:</b> Please elaborate further what is meant by this term, namely, kindly clarify the scope of this ecosystem – whether it is the vulnerable community, SME sector, SMEs supporters on the national, regional, or at global level, etc.</p> <p>Under Component 3, evidence base is captured on the enabling conditions for successful development and deployment of adaptation innovations. This will be disseminated through dialogue, workshops, consultations, and knowledge products with key stakeholders, e.g., policymakers, SMEs, investors, and the global community.</p> <p><b>CR5:</b> How does ASIF foresee that the evidence from the innovation projects contribute to the global, regional, and national policy</p>	<p><b>CR5: Not Clear.</b>  An approach and idea how to influence national governments is provided. However, in para 72, 76, 87, for example, the term: “country officials” is used. Please clarify if this refers to Adaptation Fund’s DAs and/or other officials and regardless of which, please provide clarification of such an approach. If not known, please provide briefly the key considerations in engaging country officials in the future.</p> <p><b>UNIDO response:</b></p> <p>Para 72, 76, 87, 140,161 have been updated to reflect country AF Designated Authority. In addition to these, UNIDO-identified country officials could also be invited to remain in touch with the SMEs of their choice to remain connected in the SME’s growth journey. Remaining connected with an SME’s growth journey will enable DAs and UNIDO-identified country officials to understand how SME products and services evolve, the challenges they face as they grow, which can help inform better policy design and dialogues.</p>
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		<p>dialogues and consultations? What are the ways in which the programme will attempt to influence national governments to continue the support to innovation for climate adaptation and SME development beyond this initiative?</p>	
	<p>4. Does the proposal describe how it will screen innovation small grant proposals for their potential to provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy of the Fund?</p>	<p><b>Not Clear.</b></p> <p>UNIDO has provided its elaborate E&amp;S Screening Template (AFCIA_UNIDO_ESS) and acknowledges AF’s Environmental and Social Principles and the ASIF’s compliance with these (See “N Risks” on p. 66). However, it is a requirement to adopt the screening process and methodology for AF’s 15 Environmental and Social Principles.</p> <p><b>CAR3:</b> Please, outline the screening process and methodology (as is already done in “AFCIA_UNIDO_ESS) but for AF’s 15 Environmental and Social Principles.</p> <p>One of the targets is 25% of ventures offer products/services that target women.</p>	<p><b>CAR3: Clear.</b> UNIDO has not per se ex-ante assessed each of the 15 Principles but starting from p. 3 in the “Climate Adaptation Impact Hypothesis”, outlined the approach to secure compliance with each of AF’s ESP Principles (e.g., ESS mainstreaming in sourcing, selection &amp; screening processes).</p> <p><b>CAR6: Clear</b> Indigenous and disabled people mentioned in para 128. More elaborate on protection of indigenous people in Climate Adaptation Impact Hypothesis.</p> <p><b>CR7: Clear.</b> The revised proposal elaborates discussion on benefits provided in para 126</p>

		<p><b>CR6:</b> Please consider other vulnerable groupings, for example indigenous people, disabled, or other.</p> <p><b>CR7:</b> Overall, strengthen the discussion in proposal about how the climate adaptations solutions anticipate benefitting climate vulnerable people, socially, economically and environmentally.</p>	
	5. Does the project engage, empower and/or benefit the most vulnerable communities and social groups?	<p><b>Not Clear.</b></p> <p><b>CR8:</b> Please describe the outreach strategy demonstrating evidence of or plans for scouting widely for existing innovations with a wide range of stakeholders.</p>	<p><b>CR8: Clear.</b> Input in para 19 provided.</p>
	6. Does the project advance gender equality and the empowerment of women and girls?	<p><b>Yes.</b></p> <p>A gender assessment has been undertaken and gender action plan drafted. Adaptation Strategies that will benefit women is proposed as well as a gender mainstreaming strategy. Furthermore, the proposal sets specific targets to promote women founders as mentioned in Expected outputs 1.1.1). According to the Gender</p>	<p><b>CR9: Clear.</b> Language has been revised to refer to UNIDO as the Implementing Partner of ASIF (and Executing Entity of Component 3), and BFA Global is referred to as Executing Entity.</p>

		<p>Assessment paper, ASIF sets targets to at least 70,000 direct beneficiaries and at least 50% of the beneficiaries are expected to be women.</p> <p>In document “02 . <b>AFCIA_UNIDO_Gender assessment</b>” and p. 13 (Stakeholder assessment) the listed potential gender collaboration partners are referred to as “Implementing Partners”.  <b>CR9:</b> To avoid confusion, please consider revising to Executing Partner(s) or Entities as UNIDO is considered the Implementing Partner (and Executing under Component 3) and BFA Global and others are considered Executing Entities.</p>	
	<p>7. Is the project/programme cost-effective?</p> <p>In the case of regional project/programmes, does the regional approach support cost effectiveness? Does the project engage, empower and/or benefit the most vulnerable communities and social groups?</p>	<p><b>Not clear.</b></p> <p>The proposal will initiate global calls for applications and aims at cross-learning between SMEs from different regions (p.56).</p> <p><b>CR10:</b> Please provide a more detailed explanation of the mechanisms in place for coordinating this knowledge-sharing endeavor and how this global approach in contrast with an alternative approach has the</p>	<p><b>CR10: Clear.</b> Some text added in para 157 which further builds and ties together what in para 156 is already a quite elaborate explanation of their approach.</p> <p><b>CR11: Clear.</b> In the “Climate Adaptation Impact Hypothesis”, the screening process considers the number of beneficiaries in C6 and C7 on</p>

		<p>potential to deliver anticipated results more cost effectively.</p> <p>The programme aims to benefit 69,729 direct beneficiaries and 4,200 jobs (p.57-58). On the other hand, the screening criteria for SMEs do not appear to incorporate these targets (p. 52-54).</p> <p><b>CR11:</b> Please clarify whether the screening criteria encompass the potential targets for direct beneficiaries and jobs.</p>	<p>page10 and C6 and C7 on page18.</p>
	<p>8. Does the proposal describe how it will screen innovation small grant proposals for consistency with national or sub-national sustainable development strategies, adaptation planning processes, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action, national adaptation plans (NAPs), nationally determined contributions (NDCs), adaptation communications, and other voluntary adaptation reports, where they exist, as well as with the UNFCCC</p>	<p><b>Not Clear.</b></p> <p>The proposal includes some related terms: screening, initial due diligence, full due diligence, and deeper due diligence.</p> <p><b>CR12:</b> Kindly provide clarification on these terms and ensure consistency.</p> <p>It is noted that proponents applying for Ignite in their application will outline how its intended intervention will align with national development strategies and plans (NAPs, NDCs, PA, SDG's etc.). See e.g., p. 58 and para 138.</p>	<p><b>CR12: Clear.</b> Clarification provided in para. 138 and 139.</p> <p><b>CR13: Clear.</b> Proponents will be screened and guided in how to align their solutions to national Strategies and plans during implementation in the Climate Adaptation Impact Hypothesis. (para 138-140) And during calls for proposal awareness raising campaigns of this dimension will target potential applicants (footnote 47).</p>

	<p>technology framework, and other relevant instruments?</p>	<p><b>CR13:</b> It is unclear whether the SMEs would have the capacity to ensure the alignment with various strategies and plans which could limit the potential to draw in private sector expertise and other innovation actors into ASIF. Please clarify how ASIF plans to address this issue.</p>	
	<p>9. Does the proposal describe how it will screen innovation small grant proposals for meeting the relevant national technical standards, where applicable, in compliance with the Environmental and Social Policy of the Fund?</p>	<p><b>Not clear.</b></p> <p>ASIF's approach to align projects with technical standards is described on p. 59. However, the method and process of how to take on the national authorization and clearance is not outlined.</p> <p><b>CR14:</b> Clarify a proposed formal procedure (roles and responsibilities) for authorization and clearance.</p>	<p><b>CR14: Not Clear.</b></p> <p>According to para 122, 148, and footnote 40, DA will be responsible for authorization and clearance (of compliance with social and environmental technical standards). Please clarify who and through what process is responsible to check the technical standards in the national context to secure alignment with various laws and permits that the projects may need to follow.</p> <p><b>UNIDO response:</b></p> <p>Starting in the application process of Ignite and Propel, applicant SMEs are asked to specify their business model. PMU will evaluate if relevant standards are met (e.g. through stages of due diligence of Ignite and Propel as specified in the Climate Adaptation Impact Hypothesis) and select the SMEs for the program, along with support from independent advisory</p>

			<p>committee, investment committee as well as AF country Designated Authority, where applicable.</p> <p>The milestones to be set for adaptation solutions receiving grant funding under Propel may include steps to ensure that the deployment/roll-out of the adaptation solution is conducted in full compliance with the applicable national social, environmental and technical standards.</p> <p>The nature of innovation is such that SMEs may bring about new innovative technologies and business models where there are no existing or known standards. Until the process of accommodating them to the standards is concluded - or adapting them - some serious social and environmental costs may occur. With a particular view to the risks of maladaptation, as implementing entity, UNIDO will ensure that all projects supported are in compliance with national social, environmental and technical standards. In any such rare cases, PMU will work with the SMEs and the AF Country Designated Authority to find joint solutions. and also review any such similar standards at regional and global levels with a view to promote</p>
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			<p>learning. Key to supporting such new technologies will be the need for the technology to have clear adaptation benefits in the target country of deployment.</p> <p>Para 122, 144, 148, footnote 40 as well as Climate Adaptation Impact hypothesis document has been updated to reflect this clarification.</p>
	10. Is there duplication of project / programme with other funding sources?	<p><b>Not clear.</b></p> <p>The proposal emphasizes that there is no duplication (p.60) and distinguishes itself from other initiatives that primarily target mature SMEs (p.8).</p> <p><b>CR15:</b> Please elaborate further on these distinctions, particularly in terms of the stage of SMEs being targeted and any variations such as sector focus. What are the complementary aspects and synergies with other initiatives?</p>	<p><b>CR15: Clear.</b></p> <p>Detailed explanation provided in para.151.</p>
	11. Does the programme have a learning and knowledge management system to capture and disseminate evidence, particularly of effective, efficient adaptation practices, products or technologies generated, as a basis for potential scaling up?	<p><b>Not Clear.</b></p> <p><b>CAR4:</b> Please describe how it plans to document, generate, and disseminate evidence on the conditions that give rise to successful and or unsuccessful innovation interventions.</p>	<p><b>CAR4: Clear.</b></p> <p>Additional explanation provided in para. 26, 27</p> <p><b>CR16: Clear.</b></p> <p>Additional explanation provided in para. 26, 27</p>



		<p>The proposal outlines a plan of 4 cycles, with five priority categories.</p> <p><b>CR16:</b> Please clarify how the programme will incorporate the lessons learned from previous cycles into the implementation of subsequent calls and operational aspects. Please describe the iterative learning process during the implementation.</p>	
	<p>12. Has the proposal described what consultative process will take place, and how will it involve all key stakeholders, and vulnerable groups, including gender considerations?</p>	<p><b>Not Clear.</b></p> <p>The proposal outlines that the Ignite and Propel components will help SMEs by involving Designated Authorities (p.54 and 62), both of which are executed by BFA Global.</p> <p><b>CR17:</b> Please describe the coordination strategies. Who will be responsible for liaising with the Designated Authorities?</p> <p>The consultation, engagement and participatory processes with key stakeholders including vulnerable communities are briefly described (e.g., p. 62-63).</p>	<p><b>CR17: Clear.</b> BFA Global along with support from UNIDO will be responsible for contacts with DA. (para 179)</p> <p><b>CR18: Clear.</b> Discussion on engagement with national and local governments provided in para 178-180.</p> <p><b>CAR5: Clear.</b> Gender consideration provided in para 130, 160, and 163.</p>

		<p><b>CR18:</b> Please strengthen the discussion of how ASIF will consult and engage with national and local government priorities as to get a buy-in also from key authorities that could be important entry points for disseminating results and lessons learnt as this may prove to be important while promoting enhancement of the enabling environment for climate adaptation and SME development.</p> <p>The engagement and promotion of women among entrepreneurs in the SME sector is accounted for in the proposal and the recommendations for Gender mainstreaming.</p> <p><b>CAR5:</b> Please explain how the process will support innovation that benefits women and girls in vulnerable communities.</p>	
	13. Is the requested financing justified on the basis of full cost of adaptation reasoning?	<b>Yes.</b>	
	14. Is the project / program aligned with AF's results framework?	<p><b>Yes.</b></p> <p>ASIF's proposal documents a strong connection and support with AF's Strategic results Outcome 8.</p>	<p><b>CAR6: Clear.</b></p> <p>Output3.2 is added in the table (p.102)</p>

		<p><b>CAR6:</b> ASIF also corresponds with AF's Strategic Outcome 3: "Strengthened awareness and ownership of adaptation and climate risk reduction processes at local level" and its underlying Outputs and indicators. This connection could be discussed and applied in the proposal.</p>	
	<p>15. Has the sustainability of the programme outcomes been taken into account when designing the programme, including in the screening of the innovation small grants projects? Does the programme include pathways to scale up successful small grants projects?</p>	<p><b>Not clear.</b></p> <p>Expected Outcomes 3.1: "The ecosystem for early-stage adaptation &amp; resilience is built and strengthened", assuming that it will be achieved and sustained after the programme.</p> <p><b>CR19:</b> Please clarify ASIF's exit strategy that will secure sustained ownership, capacity and ability among the ecosystem for early-stage adaptation &amp; resilience also after the programme?</p> <p>UNIDO has a long experience in national stakeholders' engagement and dissemination of successful demonstration projects.</p> <p><b>CR20:</b> What capacity building and harmonization of policy on a national level does UNIDO foresee to be important under ASIF to build the enabling environment for</p>	<p><b>CR19: Clear.</b> Additional inputs in the exit strategy (para.173)</p> <p><b>CR20: Clear.</b> Direction to engage with policy on a national level is added in para 174 and 175.</p>

		climate and adaptation and SME development?	
	16. Does the project / programme provide an overview of environmental and social impacts / risks identified, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?	<p><b>Not Clear.</b></p> <p>An elaborate E&amp;S screening template and a gender strategy is in place which responds to AF's policies. However, no grievance mechanism is outlined.</p> <p><b>CAR7:</b> Please outline the key elements of the grievance mechanism mentioned in the proposal.</p>	<p><b>CAR7: Not Clear.</b></p> <p>Grievance mechanism is briefly outlined as para 177. Please outline more thoroughly the reporting system to file complaints and how accountability is secured, for example how will stakeholders know about where or how to file a complaint, as well as what happens next. Also, how awareness and dissemination of information about the project (s) including for instance undertaken environmental impact assessment will be handled towards various stakeholder groups in the communities (and neighbouring communities) where projects will take place.</p> <p><b>UNIDO response:</b> Noted. Please see UNIDO response integrated in Para 177-182.</p>
, Resource Availability	1. Is the requested project funding within the parameters for large grants set by the Board?	<b>Yes.</b>	
	2. Is the Implementing Entity Management Fee at or below 10 per cent of the project/programme for implementing entity (IE) fees	<p><b>Yes.</b></p> <p>The Implementing Entity Management Fee: USD 900,819 is at 9.9% of the total</p>	

	and at or below 10 per cent of the project/programme cost for the execution costs?	project/programme cost. The Project Execution Costs: USD 672,402 are 7.4% of the total project/programme cost.	
Eligibility of IE	1. Is the programme submitted through an eligible Multilateral or Regional Implementing Entity that has been accredited by the Board? Is the programme submitted by an entity that has been invited by the Board to do so?	<b>Yes.</b>  UNIDO is an accredited IE of the Adaptation Fund.	
Implementation Arrangements	1. Does the proposal include adequate arrangement for programme management at the multi-regional/regional and national level, including coordination arrangements within countries and among them? Has the potential to partner with national institutions, and when possible, national implementing entities (NIEs), been considered, and included in the management arrangements?	<b>CR21:</b> Please clarify country government officials who will receive the results of SMEs (p.32).  <b>CR22:</b> Has the potential to partner with national institutions, and when possible, national implementing entities (NIEs), been considered, and included in the management arrangements?	<b>CR21: Clear.</b> In Ignite and Propel, DA will be responsible for receiving the results of the SMEs. (para 178)  <b>CR22: Clear.</b> DAs will receive the results of SMEs. BFA Global will liaise with DA along with UNIDO (para 178-180 and Figure 7)
	2. Are there measures for financial and project/programme risk management?	<b>Yes.</b>  The proposal outlines some risks, and its approach to financial and programme risk management (p.71-74). In ODA countries political and economic instability and insecurity is not uncommon. Considering the low perceived	<b>CR23: Clear.</b> Systemic shocks risk is considered in P.87.  <b>CR24: Clear.</b> See AF response above.

		<p>success rate of start-ups and ventures securing funding for replicability and scale up (20-30 %) this may jeopardize the outlook of achieving expected results.</p> <p><b>CR23:</b> Does UNIDO consider potential systemic shocks risk some of the targets under the program? And how could this be accounted for? Similarly, there could be other programme risks specific to this type of intervention, i.e. small grant facilities.</p> <p><b>CR24:</b> Clarify how this risk is considered by UNIDO and if it is deemed to be accounted for.</p>	
	<p>3. Are there measures in place for the management of environmental and social risks, in line with the Environmental and Social Policy of the Fund?</p>	<p><b>Not Clear.</b></p> <p>UNIDO has provided its elaborate E&amp;S Screening Template (AFCIA_UNIDO_ESS) (See “N Risks” on p. 66). However, it is a requirement to adopt the screening process and methodology for AF’s 15 Environmental and Social Principles.</p> <p><b>CAR8:</b> Please outline the screening process and methodology (as is already done in “AFCIA_UNIDO_ESS) corresponding directly to the AF’s</p>	<p><b>CAR8: Not Clear.</b> See AF response on CAR3 above (p.4)</p> <p><b>UNIDO response:</b></p> <p>ASIF will develop an ESMF, guiding the screening of to-be-selected sub-projects/SMEs, ensuring their activities’ compliance with the AF’s 15 Environmental and Social Principles. This framework has been integrated into the UNIDO Climate Adaptation Impact</p>

		<p>15 Environmental and Social Principles.</p> <ul style="list-style-type: none"> <li>✓ Please note that the ESMP with allocated roles and responsibilities for its implementation should ingoopportunities for consultation and adaptive management</li> <li>✓ capacity enhancement of grantees at local level to conduct risk screening, monitor and manage risks</li> <li>✓ credible budget provisions, as needed, for the implementation of the ESMP</li> <li>✓ clear arrangements for the IE to supervise executing entities for implementation of ESMP</li> <li>✓ clear monitoring and evaluation arrangements for ESP compliance</li> <li>✓ an accessible and meaningful grievance mechanism in place, mentioning all parts of the grievance process, including where grievances can be addressed (<a href="#">ESP</a> and <a href="#">ESP Guidance</a>)</li> </ul> <p>ASIF will develop an Environmental and Social</p>	<p>Hypothesis, which is central for assessment during the sourcing, screening and selection process for Ignite and Propel applicants. All stakeholders of ASIF will understand their roles in the process and contribute effectively to its implementation and execution including monitoring and evaluation. ASIF will provide capacity enhancement support at the local level to grantees.</p> <p>An accessible and meaningful grievance mechanism will be in place, detailing all parts of the grievance process.</p> <p>Project Types Not Supported: ASIF will not provide support for project types that do not align with the environmental and social safeguards policies and procedures. This aligns with the compliance requirements set out in UNIDO Environmental and Social Safeguards Policies and Procedures (ESSPP) and the 15 principles of the Adaptation Fund's Environmental and Social Policy (AF ESP).</p> <p>Information Request: ASIF's team has the authority to request additional information during due-diligence process directly from</p>

		<p>Management Framework (ESMF) for each selected solution and project that will be integrated into The UNIDO <b>Climate Adaptation Impact Hypothesis</b> which is central for assessment purposes during the screening processes for both Ignite and Propel applicants.</p> <p><b>CR25:</b> Please provide brief description of Climate Adaptation Impact Hypothesis and how it will be used.</p>	<p>Small and Medium Enterprises (SMEs) or conduct their research to assess compliance with UNIDO ESSPP and AF ESP.</p> <p>Technical Assistance: Through Ignite curriculum, awareness will be strengthened. Through bespoke SME technical assistance provided to Propel SMEs, ASIF aims to enhance awareness and capacity building regarding UNIDO Environmental and Social Safeguards Policies and Procedures (ESSPP) and the 15 principles of the Adaptation Fund's Environmental and Social Policy (AF ESP). This support strengthens SMEs' ability to meet environmental and social standards relevant to ASIF.</p> <p><b>CR25: Clear.</b> ASIF Climate Adaptation Impact Hypothesis indicates the types of questions to be included in the application form for Ignite and Propel, and also provides information on the review criteria to be used during the selection process. (p.33, 58, 75, 79)</p>
	4. Are arrangements for monitoring and evaluation clearly defined, including	<b>Yes.</b>	



	<p>budgeted M&amp;E plans and sex-disaggregated data, targets and indicators, in compliance with the Gender Policy of the Fund?</p>	<p>The proposal includes a budgeted M&amp;E plan (p.77-78). Sex-disaggregated data, targets and indicators are provided under Results Framework (from p. 78).</p>	
	<p>5. Is a budget on the Implementing Entity Management Fee use included?</p>	<p><b>Yes.</b></p> <p>The table (p.95) shows the breakdown of IE fees.</p> <p>Please note that the fee may cover: Corporate activities fees related to engagement with donor (Policy support, Portfolio management, Reporting, Outreach and knowledge sharing) and Project cycle management fees (Project preparation and management oversight including financial management and quality insurance, Implementation reports supervision, and Project completion and evaluation oversight).</p>	
	<p>6. Is an explanation and breakdown of the execution cost included?</p>	<p><b>Not Clear.</b></p> <p>The budget does not include a breakdown of the Execution costs.</p> <p><b>CAR9:</b> Please clarify execution responsibility and include a breakdown of execution costs.</p>	<p><b>CAR9: Not Clear.</b></p> <p>Total execution cost for the project is 672,402 USD (9.9%). For execution of components 1 and 2, BFA Global has been selected as the Executing Entity and will receive 643,500 USD. UNIDO will receive 28,902 USD as execution cost for component 3. This is fine. The revised proposal includes the</p>

		<p><b>CAR10:</b> Execution costs as per table on page 93 is at 7.9%. However staffing costs are also included under the project funds under output 3.1.1, output 3.1.2, and output 3.1.3. Please incorporate all PMU and staffing costs in the execution costs. Kindly ensure that UNIDO's portion for execution does not exceed 1.5% of the components expected to be executed by UNIDO.</p> <p>The main items supported by the Adaptation Fund for project management including consultant services, travel, and office facilities, etc., covering the direct costs for administration of the day-to day activities of projects. Specific costs include Staffing costs, and project related activity expenditures (Monitoring and evaluation costs; Costs related to drafting progress reports and financial reports; Consultation with project stakeholders (meetings, workshops); Communication, Travel). Please ensure figures add up and match across the tables – components table vs. budget vs. disbursement table and the figures should be rounded to a whole number (i.e., no decimals)</p>	<p>explanation of 28,902 USD (p.106); however, no breakdown of 643,500 USD that BFA Global will receive. Please describe the activities for 643,500 USD to the extent possible for this stage.</p> <p><b>UNIDO response:</b> Please see requested information in para 202.</p> <p><b>CAR10: Clear.</b> UNIDO as the Executing Entity delivers activities under Component 3. The cost allocation connected to consultant services is valid as its related TA and knowledge management. The details are provided in the Activity based budget (Annex 3).</p>
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	7. Does the M&E Framework include a break-down of how implementing entity IE fees will be utilized in the supervision of the M&E function?	<p><b>Yes.</b></p> <p>A table in the page 95 shows the breakdown of IE fees. The cost for Senior Programme Manager covers monitoring and supervision.</p>	
	8. Is the timeframe for the proposed activities adequate?	<p><b>Yes</b></p>	
	9. Is a summary breakdown of the budget for the proposed activities included?	<p><b>Yes.</b></p> <p>The proposal includes the breakdown of the budget at the activity level (p.108)</p>	
	10. Does the project/programme's results framework align with the AF's results framework? Does it include at least one core outcome indicator from the Fund's results framework?	<p><b>Not Clear.</b></p> <p>ASIF's results framework partly aligns with AF's, particularly for Strategic Outcome 8 and 3.</p> <p>The table for results framework (P.78 – 90) include a Baseline row indicating zero figures.</p> <p><b>CR26:</b> Please provide an explanation of the baseline and clarify regarding the zero figures presented.</p> <p><b>CR27:</b> Please clarify the special indicators referred to as KASA, BUS, TCO, CPO, and so on.</p>	<p><b>CAR26: Clear.</b> Estimation is added in footnote 55 on page 94.</p> <p><b>CAR27: Clear.</b> "KASA – awareness, knowledge, and capacity building, BUS - business practices, TCO - technical cooperation, CPO - convening and partnerships, ECO – economic competitiveness" in para 195 on page 92.</p>

	11. Is a disbursement schedule with time-bound milestones included?	<p><b>Not Clear.</b></p> <p>The disbursement schedule is not presented in the required format.</p> <p><b>CAR11:</b> Please revise the Disbursement Schedule using the AF template format. <a href="#">Disbursement Schedule Template</a> (18 kB, XLS).</p>	<p><b>CAR11: Clear.</b></p> <p>The Disbursement Schedule is updated in the AF template format (p.107)</p>
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**Funding Proposal Template for Adaptation Fund Climate Innovation  
Accelerator (AFCIA) fully-developed programme proposals**



**ADAPTATION FUND**

**PROGRAMME ON INNOVATION:  
AFCIA PROGRAMMES**

**REQUEST FOR PROJECT FUNDING FROM THE ADAPTATION FUND**

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

Please type in the responses using the template provided. The instructions attached to the form provide guidance to filling out the template.

Please note that a project must be fully prepared when the request is submitted.

Complete documentation should be sent to:

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



## ADAPTATION FUND

# MULTI/ REGIONAL INNOVATION PROJECT/PROGRAMME

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# PART I: PROJECT/PROGRAMME INFORMATION<sup>1</sup>

Title of Project/Programme:  
**The Adaptation SMEs Innovation Facility (ASIF)**

Geographic Scope (Multi/Regional):	Global
Thematic Focal Area <sup>2</sup> :	Cross-Sectoral
Type of Implementing Entity:	Multilateral Implementing Entity
Implementing Entity:	UNIDO
Executing Entities:	BFA Global (components 1 and 2) UNIDO (component 3)
Amount of Financing Requested:	US\$ 10,000,000

## Project / Programme Background and Context

*Provide brief information on the problem the proposed project/programme is aiming to solve, including both the regional and the multi-regional perspective. Outline the economic social, development and environmental context in which the project would operate in the target regions.*

*Describe the problem the proposed project/programme is aiming to solve. Write this as a concise problem statement: The current situation, the desired future, and the gap between the two. Provide brief further information on the current situation including the regional perspective. Outline the economic social, development and environmental context in which the project would operate in the target regions. Describe the climate*

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<sup>1</sup> Key policy documents:

- [PROGRAMME ON INNOVATION: OPERATIONAL POLICY AND GUIDANCE TO THE ADAPTATION FUND CLIMATE INNOVATION ACCELERATOR \(AFCIA\) IMPLEMENTING ENTITIES](#)
- [GUIDANCE TO IMPLEMENTING ENTITIES FOR APPLICATION OF INNOVATION INDICATORS FOR FULLY DEVELOPED PROJECT/PROGRAMME PROPOSALS](#) provides guidance on the new indicators that should be referenced when presenting alignment of project objectives and outcomes with the Fund level strategic outcome for innovation (Outcome 8).

<sup>2</sup> The programme can have a thematic focus or foci, such as the following (i.e. this is not an exhaustive list): Agriculture and food security; Disaster risk reduction and early warning systems; Forests and land use management; Human health, including maternal and child health and welfare etc; Innovative adaptation financing; Local traditional ecological knowledge solutions, including harnessing or revival of indigenous, traditional solutions; Marine, fisheries, and oceans adaptation; Nature-based solutions, including ones that are biodiversity-supporting, in various settings (e.g. urban, peri-urban and non-urbanized); Urban adaptation and Water management.



*change vulnerabilities impacting the region/regions as well clearly explain the problem area that would be the focus of the innovation.*

## **A. Introduction**

The proposed programme aims to enhance the resilience and adaptive capacity of vulnerable communities by facilitating the deployment of innovative climate adaptation technologies and solutions. The support provided to SMEs<sup>3</sup> in developing countries is a strategic approach employed to achieve this overarching goal. By providing comprehensive support and resources, ASIF aims to empower adaptation SMEs to scale up their operations and deploy effective adaptation solutions in diverse local vulnerable communities.

### **A1. Current situation including the regional perspective**

1. Small and medium-sized enterprises (SMEs) play a crucial role in employment generation, job creation, and GDP growth in developing countries. They are effective in providing technologies, products and services to local communities, including in remote areas. Additionally, SMEs, comprising nearly 95% of the global private sector<sup>4</sup>, are deeply integrated into local economies and possess a profound understanding of the markets and business opportunities within their local communities.
2. SMEs are, thus, well-positioned to drive the development and implementation of contextually appropriate adaptation technologies and solutions. Their proximity to local communities provides them with a deep understanding of the specific challenges and needs of the communities. This allows SMEs to develop tailored solutions that are effective and relevant in addressing the impacts of climate change.
3. Moreover, their longstanding relationships and networks within these communities fosters trust, leading to higher adoption rates of their adaptation solutions.<sup>5</sup> SMEs also possess the agility and adaptability to respond quickly to changing circumstances, enabling them to

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<sup>3</sup> In this proposal, SMES are defined as micro, small and medium-scale enterprises that operate on a market basis. In some cases where relevant and applicable, corporations also innovating for adaptation solutions resulting in spin-offs genuinely needing support from ASIF also are eligible.

<sup>4</sup> [https://www.wto.org/english/tratop\\_e/msmesandtra\\_e/day20\\_e.htm](https://www.wto.org/english/tratop_e/msmesandtra_e/day20_e.htm);

<sup>5</sup> Vulnerable communities: climate adaptation that works for the poor  
[Hannah Reid](#), [Krystyna Swiderska](#), [Caroline King-Okumu](#), [Diane Archer](#) November 2015

respond to the challenges experienced in underserved areas where vulnerable communities often reside. By providing home-grown, affordable, and context-specific climate adaptation solutions, SMEs have a unique advantage over larger enterprises in effectively addressing the needs of vulnerable communities across the world<sup>6</sup>.

4. Women are amongst the most vulnerable to climate change due to traditional social norms and roles, which limit their adaptive capacity. Also, women have relevant knowledge on management of natural resources due to their gender roles. Women cannot be overlooked when it comes to climate change adaptation, sustainable energy, and inclusive sustainable industrial development, as they represent half of the world's population. Involving women in climate change adaptation efforts not only contributes to more gender equality but is also economically smart. Research shows that 812 million women out of the 865 million, who could more effectively contribute to the global economy in 2020, will be living in developing countries<sup>7</sup>. Also, the underutilization of women's economic potential is a global challenge, as the female labor force participation is significantly lower than the male labor force participation rate (49.5 percent globally for women compared to 76.2 percent for men). If more women would have paid jobs or be entrepreneurs, they would in turn contribute to state revenues through taxes, contribute to the household income, invest in the education- and health of their children, and overall, simply contribute to the development of the countries they live in by being active members of society. Women entrepreneurs could use their creative and strategic minds to contribute to solutions for many societal challenges, one of them being climate change. When women have more income and access to climate adaptation and resilience solutions, their potential to adapt to climate change increases and their vulnerability decreases.

#### *Challenges and Opportunities for SMEs in Climate Adaptation*

5. This project seeks to accelerate the development, deployment and dissemination of innovative adaptation technologies and solutions to vulnerable communities through SMEs. The project specifically focusses on igniting innovation development of adaptation

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6 Small and Medium-sized Enterprises: Local Strength, Global Reach , OECD Report (2000)  
<https://www.oecd.org/cfe/leed/1918307.pdf>

7 [Women, Work, and the Economy: Macroeconomic Gains From Gender Equity; Katrin Elborgh-Woytek, Monique Newiak, Kalpana Kochhar et al.; IMF Staff Discussion Note SDN 13/10; September 23, 2013](https://www.imf.org/external/pubs/ft/sdn/2013/sdn1310.pdf)  
<https://www.imf.org/external/pubs/ft/sdn/2013/sdn1310.pdf>

technologies and solution by SMEs and then propel the deployment and dissemination of these solutions to vulnerable communities. SMEs are selected as the most cost-effective and sustainable way to support the development, deployment and dissemination of innovative adaptation technologies and solutions as they:

- a. Operate at very local level and in remote areas;
  - b. Have ongoing operations and can leverage their market access, financing and technical know-how;
  - c. Can easily adapt and integrate new technologies to their operations;
  - d. Can provide after-sales services as an integral part of their operations; and
  - e. Good relationship capital with vulnerable communities built over the years.
6. Adaptation SMEs are defined as entities providing technologies, products, and/or services that address systemic barriers to adaptation by strengthening users' ability to understand and respond to physical climate risks and related impacts and/or capture related opportunities or contribute to preventing or reducing material physical climate risk and/or the adverse associated impacts on assets, economic activities, people, or nature. Adaptation solutions are technologies, products or services that can support the identification, assessment, management/transfer and/or monitoring of physical climate risks and their impacts. Effectively reducing climate risk can therefore be understood as locally limiting exposure and/or vulnerability to climate hazards. Where it is not possible or practical to assess adaptation effectiveness in terms of its longer-term consequences for human and ecological well-being and the achievement of development outcomes, changes in exposure and vulnerability provide us with useful proxies for assessing risk reduction. Many adaptation interventions are intended to reduce exposure or vulnerability, or to enhance the adaptive capacities of people and systems to shocks and stresses associated with climate and other hazards. This may be pursued directly, through risk reduction measures that target specific hazards, risks and impacts, or indirectly, through capacity-building, policy or governance mechanisms. Increasingly, it is being recognized that adaptation requires more transformative, system-wide changes that address the root causes of vulnerability. On shorter time-frame, the likelihood of effective adaptation can be inferred through assessments

of exposure, vulnerability and resilience. The solutions can be divided into two categories<sup>8</sup>:

- Intelligence: Climate information, data products, software and other tools that enhance the user's knowledge and understanding climate-related risks or climate variability;
- Product and services: Any equipment, technology or service needed to prevent, mitigate, or transfer physical climate risks and adapt to climate change.

7. Despite their potential, SMEs that offer innovative adaptation technologies and solutions (adaptation SMEs) face several challenges that hinder their ability to develop and disseminate their innovative solutions. **Annex 1** list some programs that support adaptation SMEs. However, the majority of these initiatives often focus on relatively mature SMEs, leaving out SMEs at earlier stages. This leaves many SMEs without systematic support in progressing their innovative solutions towards prototyping and deployment.
8. As shown in Figure 1 below, adaptation SMEs with innovative technologies and solutions at Technology Readiness Level (TRLs)<sup>9</sup> 3-4, are at Business Model Readiness Level (BRL)<sup>10</sup> 2-4 and are under 3 years old. SMEs at TRLs 5-7, are at BRL 5-7, and under 10 years old. These adaptation SMEs at the early stages of growth (TRLs 3-7 and BRLs 2-7) lack access to capital, talent, know-how, and networks to fulfill their potential as high-impact, scalable solutions.

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8 [https://lightsmithgp.com/wp-content/uploads/2020/09/asap-adaptation-solutions-taxonomy\\_july-28-2020\\_final.pdf](https://lightsmithgp.com/wp-content/uploads/2020/09/asap-adaptation-solutions-taxonomy_july-28-2020_final.pdf)

9 TRL is a measurement system used to assess the maturity level of a particular technology. [https://www.nasa.gov/directorates/heo/scan/engineering/technology/technology\\_readiness\\_level](https://www.nasa.gov/directorates/heo/scan/engineering/technology/technology_readiness_level)

10 BRL is part of the Innovation Readiness Model developed by the KTH to measure the progress of the innovation journey from idea to market. The BRL in particular outlines the key milestones of progress regarding the maturity of the business considerations. <https://kthinnovationreadinesslevel.com/>

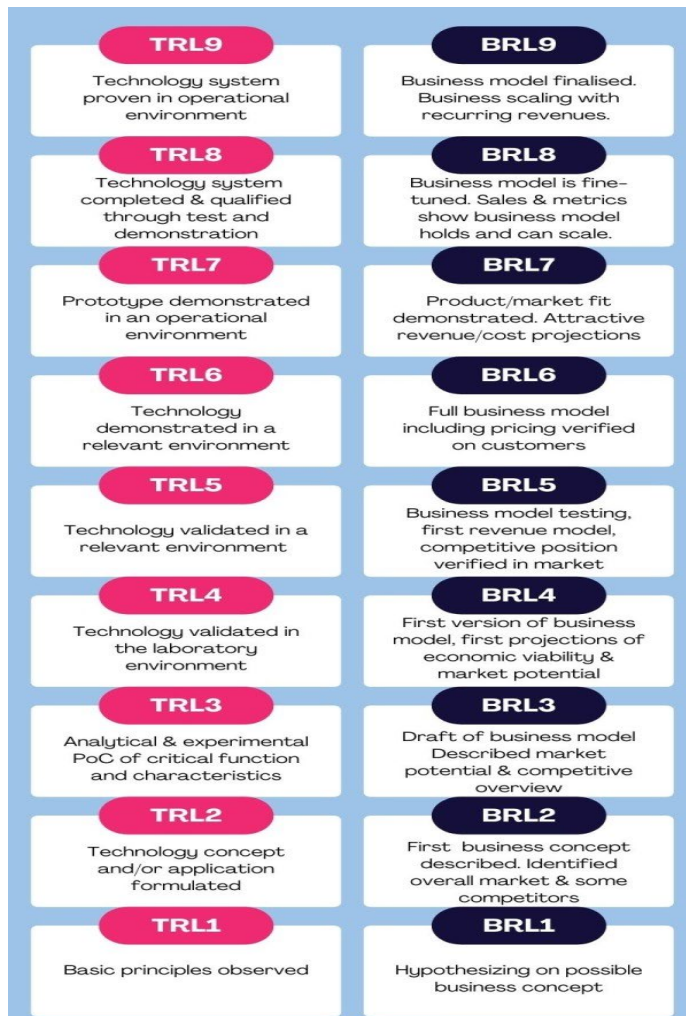


Figure 1 TRL and BRL descriptions<sup>11</sup>

9. Based on UNIDO expertise and experience, Figure 2 below shows the challenges faced by adaptation SMEs depending on their stage of growth, especially:
- ✓ **Access to technical and operational expertise:** Developing and implementing effective climate adaptation solutions requires specialized knowledge anchored in a deep understanding of users' needs and vulnerabilities to physical climate change impacts, as well as technical expertise in product features and channels that make sense for vulnerable people.

<sup>11</sup> [https://www.linkedin.com/pulse/business-readiness-levels-complete-guide-academics-?trk=organization-update-content\\_share-article](https://www.linkedin.com/pulse/business-readiness-levels-complete-guide-academics-?trk=organization-update-content_share-article)

- ✓ **Greater access to capital in the early stages of their product development journeys:** Climate adaptation solutions often require substantial upfront investments to prototype, test, and market their solutions, but accessing affordable capital can be challenging due to limited patient capital, few relevant investors, and a lack of innovative financing mechanisms.
- ✓ **Access to ecosystem networks and learning:** Innovators and stakeholders around the world are valiantly building a range of climate adaptation solutions even as our understanding of climate change and its impacts is still being created. Sharing evidence and learning of what solutions work, how they suit the specific needs and affordability constraints of local markets, and how to scale such services would accelerate progress across the sector.

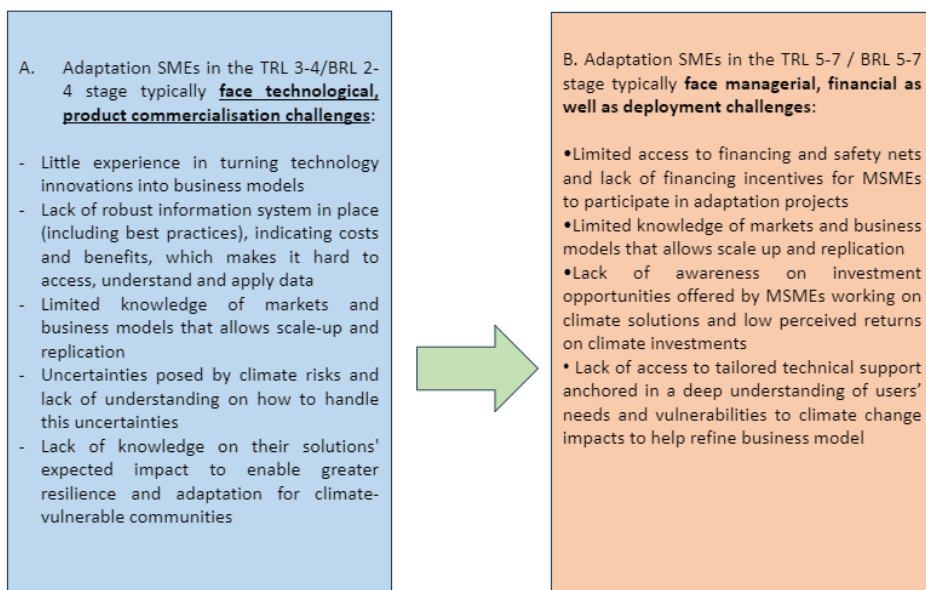


Figure 2 Challenges faced by adaptation SMEs at the early stages

10. In addition to the above, not all adaptation innovators use the same vocabulary, many of those delivering adaptation benefits do not yet recognize the opportunity and do not self-label as an adaptation-enabling company. Also, the lack of gender and youth inclusive investment opportunities is exacerbated, as women and youth led enterprises mostly operating in the informal sector and suffering from a limited access to land and other collateral, lack of networks and knowledge resources, and legal and policy obstacles to business ownership and development. Once they overcome the barriers, adaptation SMEs can thrive and play a pivotal role in driving the deployment of adaptation technologies and solutions to vulnerable

communities. This, in turn, can boost the overall resilience of the community by fostering locally relevant and sustainable solutions.

### *Regional Perspectives on SMEs in Climate Adaptation*

11. **Developed Regions:** Developed regions, such as North America and Europe, have established mechanisms and support systems for climate adaptation initiatives and SMEs. These regions exhibit a higher level of awareness and financial support, enabling SMEs to access the necessary resources for developing and implementing adaptation solutions. However, the relevant ecosystem actors from developed countries also will benefit from an evidence base on the enabling conditions for successful development and deployment of adaptation innovations.
12. **Developing Regions:** Developing regions also face unique challenges in supporting SMEs in climate adaptation. While climate challenges are experienced differently at local levels, there is still significant heterogeneity within the developing world when it comes to targeted actions aimed at supporting SMEs and/or climate-focused SMEs. In general, limited access to finance and resources hampers the growth and impact of these SMEs in developing countries. Targeted financial support mechanisms specifically designed to cater to the needs of SMEs in vulnerable communities are essential. Mainstreaming adaptation into development plans and policies is necessary to prioritize climate resilience and ensure its integration into broader development goals. Moreover, enhancing the capacity of local SMEs through technical assistance, skills training, access to ecosystem networks, learning and knowledge sharing is vital for their success. Small Island Developing States (SIDS) and Least Developed Countries (LDCs) require additional support due to their heightened vulnerability to climate change impacts.

## **A2. Desired Situation**

13. In order to create an alternative scenario where the SMEs have the skills develop their innovative adaptation technologies and solutions, and articulate the adaptation rationale of their operations, it is imperative to provide them with be-spoke and curated technical assistance, support, and opportunities. By implementing the below, successful adaptation SMEs will be able to develop innovative adaptation technologies and solution and disseminate them to vulnerable communities.



- ✓ **Early-stage Focus:** We focus on building a set of viable and impactful adaptation SMEs from the earliest stage, filling critical initial capital and technical talent gaps, anchored in understanding the potential impact on the most vulnerable communities. This stage is most critical to ensure that solutions actually meet the needs of vulnerable communities and integrate climate adaptation considerations into their business models.
- ✓ **A broad adaptation and resilience investment thesis:** Unlocking adaptation and resilience opportunities requires a broad view across multiple sectors of the economy, considering geographic idiosyncrasies as well as the specific needs of the most vulnerable communities across different countries. In line with the Adaptation Fund's vision on innovation<sup>12</sup>, this project will support a broad range of climate adaptation SMEs underpinned by a strong innovation rationale, thus creating a portfolio of diverse and locally appropriate innovation projects. Investing in a diverse range of sectors also ensures that the interconnected challenges of climate change are effectively addressed, leading to comprehensive and integrated solutions. In addition, building a broader portfolio of solutions is a good risk diversification strategy given that climate change poses complex and interconnected risks for all sectors. Finally, investing across multiple sectors encourages the cross-pollination of ideas, knowledge sharing, and innovation. Solutions developed in one sector may inspire creative adaptation and applications in other sectors.
- ✓ **Combining targeted business growth technical assistance with performance-based grants:** Based UNIDO's vast experience, it is clear that capital is only one side of the equation but needs to be complemented with hands-on and tailored technical and business growth support. It is important to include elements of complementary technical support for the early-stage SMEs, as this will ensure that the SMEs have all the requisite skills to reach critical milestones and scale their impact. SMEs at TRL 3-4/BRL 2-4 will need more support to research and develop their solution, especially with regard to user acceptance and problem-solution fit. In particular, they will need to clearly articulate the adaptation rationale of their innovative technology or solution. Those in TRL 5-7/BRL 5-7, in contrast, will need support to get their product to market effectively, often requiring specialized technical

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<sup>12</sup> <https://www.adaptation-fund.org/wp-content/uploads/2021/04/AFB.36.8-Further-Clarification-of-the-Vision-and-Definition-of-Innovation.pdf>



assistance in further product research with users, tech, data, marketing, partnerships, and access to capital.

### **A3. Gap between the Current and Desired Situation**

14. In response to the existing challenges and the desired outcome, UNIDO proposes the establishment of the Adaptation Small and Medium-sized Enterprises (SMEs) Innovation Facility (ASIF). The primary objective of ASIF is to enhance the resilience and adaptive capacity of vulnerable communities by facilitating the development and deployment of innovative climate adaptation technologies and solutions by SMEs. The support provided to SMEs is a strategic approach employed to achieve this overarching goal. By providing comprehensive support and resources to adaptation SMEs, ASIF enables these SMEs to develop and deploy their innovative adaptation technologies and solution to diverse local vulnerable communities on a sustainable basis.
15. ASIF will consist of three core components: **Ignite**, **Propel**, and **Knowledge and learning platform**. Each component plays a vital role in supporting and fostering the growth of adaptation SMEs.
16. The Ignite component focuses on adaptation SMEs at TRLs 3-4 and BRL 2-4. These [SMEs](#) often lack the necessary resources and support to enhance their business capabilities and articulate the value of their adaptation initiatives. Through Ignite, these SMEs will receive general and specialized assistance tailored to their needs. This support will not only strengthen their core business functions but also help them articulate the adaptation rationale of their operations. By addressing these critical gaps, Ignite will enable SMEs to engage in adaptation, grow sustainably, and effectively communicate their value proposition to stakeholders.
17. The Propel component is designed to provide grants and bespoke [SME](#) building support to successful early-stage adaptation SMEs at TRLs 5-7 and BRL 5-7. Once the SMEs have proven their potential for impact and viability, they will receive financial assistance to implement their adaptation technologies and solutions in specific communities. This financial boost will accelerate the deployment of adaptation solutions, benefiting vulnerable populations and fostering resilience. Additionally, the [SME](#) building support will help SMEs become investor-ready, increasing their chances of attracting follow-on investments. By bridging the funding gap and facilitating market

access, Propel will enable SMEs to navigate the critical stages of growth and achieve long-term success.

18. To complement the financial and business support mechanisms, ASIF will establish a robust knowledge and learning platform. This platform will serve as a central hub for Adaptation SMEs, investors, and stakeholders to share best practices, foster collaboration, and disseminate valuable insights. It will facilitate knowledge exchange, capacity building, and continuous learning, ultimately enhancing the effectiveness and impact of adaptation efforts worldwide. By promoting a culture of shared learning and collaboration, the platform will facilitate innovation, inspire new approaches, and drive the advancement of climate adaptation and resilience in communities.
19. ASIF seeks to enhance the resilience and adaptive capacity of vulnerable communities by facilitating the deployment of innovative climate adaptation technologies and solutions. This is a strategic approach employed to achieve this overarching goal. By providing comprehensive support and resources, ASIF aims to empower adaptation SMEs to scale up their operations and deploy effective adaptation solutions in diverse, local, vulnerable communities. To ensure the program reaches a large range of innovations and that the selected SMEs target the most vulnerable communities, a wide-ranging sourcing approach will be deployed. This includes calls for application, outreach via networks (including the country local champions in contact with the Adaptation Fund), and leveraging the implementation team for their vast networks. The implementation team has tested these approaches in the past and fine-tuned the ability to get strong applications from candidates. The implementation team also has a presence in several countries across such as South Africa, Kenya, Uganda, Nigeria, Tanzania, Mexico, Colombia, and India. In addition, the team facilitates a network of over 150 investors in emerging markets, giving us broad reach to pipeline across emerging markets. Where possible, the team will engage local Community Support Organisations (CSOs) to help identify potential SMEs. Finally, the SMEs selected will have over 50% local and over 40% women founders, ensuring that there is diversity in representation. The facility will not only address the immediate challenges faced by Adaptation SMEs but also foster an enabling environment that supports their long-term growth and sustainability.

### **Project / Programme Objectives:**

*List the main objectives of the project/programme.*

## **B. Proposed Intervention: The Adaptation Small and Medium-sized Enterprises (SMEs) Facility**

20. UNIDO proposes the establishment of the Adaptation Small and Medium-sized Enterprises (SMEs) Innovation Facility (ASIF). The primary objective of ASIF is enhancing the resilience and adaptive capacity of vulnerable communities by facilitating the development deployment of innovative climate adaptation technologies and solutions by SMEs. The support provided to SMEs is a strategic approach employed to achieve this overarching goal. By providing comprehensive support and resources, ASIF aims to empower adaptation SMEs to scale up their operations and deploy effective adaptation solutions in diverse local vulnerable communities. ASIF also plans to strengthen awareness and ownership of adaptation and climate risk reduction processes at local level in the countries supported. As a result, capacity of national and subnational stakeholders and entities to capture and disseminate knowledge and learning are expected to be built during the project duration.

21. ASIF comprises of three components, namely:

→ **Component 1: Ignite**

Ignite will provide business growth support to innovative adaptation SMEs that offer climate adaptation technologies and solutions at Technology Readiness Levels (TRLs) 3-4 or Business Readiness Levels (BRLs) 2-4. By offering specialized and targeted assistance, Ignite aims to transform innovative ideas into market ready technologies and solutions that have a clear adaptation rationale.

→ **Component 2: Propel**

Propel will disburse milestone-based grant financing and provide tailored [SME](#) building support to adaptation-focused SMEs that offer climate adaptation solutions at Technology Readiness Levels (TRLs) 5-7 or Business Readiness Levels (BRLs) 5-7. Through this assistance, Propel aims to enable these SMEs to deploy their solutions effectively to vulnerable communities, enhancing their resilience and adaptive capacity in the face of climate change. By combining financial support with specialized [SME](#) building guidance, Propel strives to accelerate the implementation and impact of climate adaptation technologies and solutions in these communities.

→ **Component 3: Strengthening the ecosystem of knowledge, funding, and talent for early-stage climate adaptation & resilience SMEs in emerging markets**

This knowledge and learning component will capture, document, and share the valuable insights gained from supporting adaptation-focused SMEs. Through systematic knowledge management practices, this component aims to collect and organize information on best practices, lessons learned, and innovative approaches employed in supporting these SMEs. By sharing this knowledge with relevant stakeholders, the component seeks to foster continuous learning, improve future support initiatives, and contribute to the overall advancement of climate adaptation strategies for SMEs

22. As highlighted in the Figure 3, at the impact level, ASIF aims to increase the climate resilience of vulnerable communities and peoples, contributing to an inclusive and sustainable development path for developing countries. This will be achieved by enhancing the competitiveness of local adaptation SMEs. The theory of change of ASIF is presented below:

*IF adaptation SMEs with high-impact potential are identified and supported with business acceleration services and milestone-based grant financing, THEN their capacity to identify, develop, and deploy contextualized and innovative adaptation solutions will be enhanced.*

23. This leads to an increase in the pipeline of innovative adaptation solutions with tangible benefits at the community level, and locally grown adaptation SMEs will have the capacity to meet the demand for adaptation solutions created through climate adaptation financing. This will also contribute to an evidence-based knowledge base of innovative adaptation solutions and their success factors. The project will select SMEs that provide relevant adaptation solutions for their local communities, but can also have high relevance across various countries, and therefore have scalability.

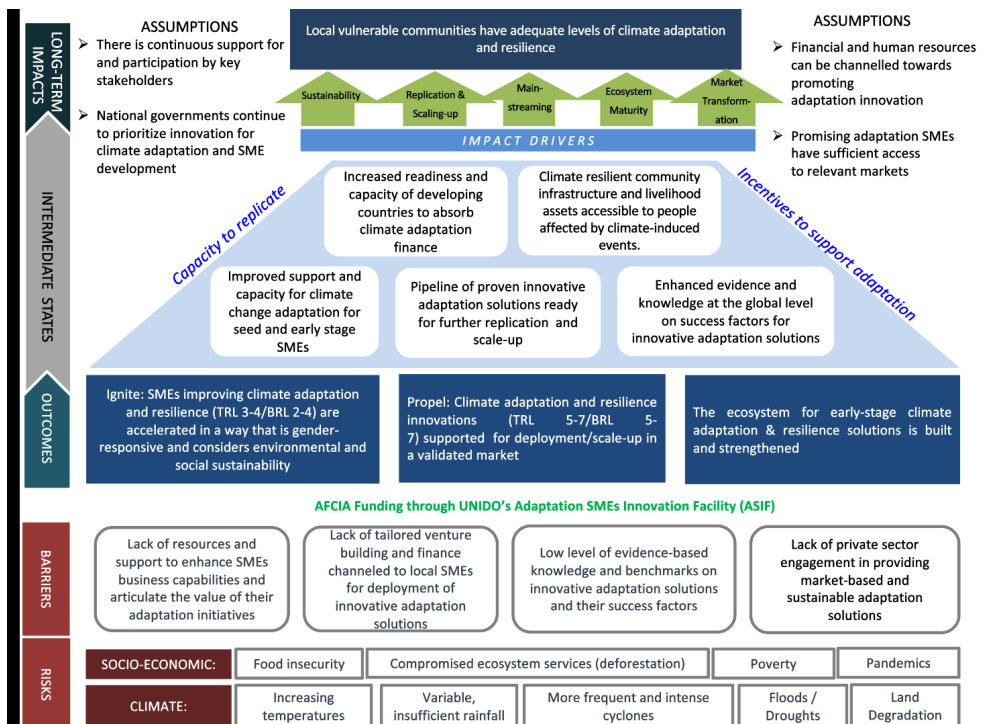


Figure 3: ASIF Theory of Change

24. ASIF will leverage the experience and expertise of UNIDO in working with SMEs. UNIDO's mandate is to promote and accelerate inclusive industrial development. In line with its mandate, UNIDO has over 50 years' experience and expertise supporting the growth, development and scaling up of SMEs in frontier markets. Accordingly, UNIDO has various ongoing initiatives and projects supporting climate adaptation innovation SMEs in developing countries (see **Annex 2**). ASIF will benefit from UNIDO's existing expertise, resources and networks to support SMEs in developing, deploying and commercializing climate adaptation solutions. Drawing from UNIDO's past endeavors in boosting the involvement of SMEs in nations highly susceptible to the detrimental impacts of climate change (as highlighted in Annex 2), collaborative efforts are employed to enhance outreach and communication activities. This involves partnering with locally chosen incubators/accelerators, as well as national, regional, and local associations, including those representing farmers, businesses in targeted sectors, and entities focused on empowering women and youth. Academic institutions also play a role. Various communication channels are harnessed, encompassing messenger apps, local radio broadcasts, television, social media influencers operating on platforms like Facebook and Instagram, and the official institutional website. The

overarching goal is to elevate awareness through events designed to disseminate insights regarding climate-related risks and vulnerabilities. Additionally, these events serve to spotlight innovative technological and process solutions (TPS) suitable for adapting to climate change. These efforts are carried out hand in hand with local civil society organizations (CSOs), non-governmental organizations (NGOs), and associations. To further this endeavor, interactive demonstrations, informative exhibitions, and roadshows are orchestrated. These activities foster partnerships between MSMEs/start-ups and regional distribution networks, as well as aggregator platforms. The core objective here is to stimulate the proliferation of climate adaptation TPS within the targeted sectors and among vulnerable populations. These occasions are pivotal opportunities for companies to showcase their offerings and breakthroughs in their local languages, thereby forging connections with potential customers and business collaborators.

## **B1. Technology and geography focus**

25. In line with the mandate of the Adaptation Fund and objectives of AFCIA, the call for applications is open to all SMEs from all countries eligible for Adaptation Fund's funding<sup>13</sup>. To ensure optimal efficiency of AFCIA funding, the screening process will review the applicant SME's country of origin and operation, to ensure that the planned interventions of ASIF provide optimal value in relation to the needs of the selected SMEs for their business growth and development and deployment of their solution. Such factors would include the availability and capacity of ecosystem actors in the country/region to provide meaningful support to the selected adaptation SME.
26. After carefully considering the scientific evidence related to the development priorities of the Global South as referenced in IPCC<sup>14</sup> as well as the Global Commission on Adaptation<sup>15</sup> along with the mandates and strategic priorities of the Adaptation Fund<sup>16</sup>, AFCIA<sup>17</sup> and UNIDO<sup>18</sup>, five priority categories have been selected for ASIF. These five broad categories will be standing for all cycles of Ignite and Propel. Depending on the quality of applications received, one

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13 List of countries with Adaptation Fund [Designated Authorities \(adaptation-fund.org\)](https://www.adaptation-fund.org/)

14 <https://www.ipcc.ch/report/ar6/wg2/>

15 <https://qca.org/reports/sta22/>

16 [About \(adaptation-fund.org\)](https://www.adaptation-fund.org/)

17 [Adaptation Fund Climate Innovation Accelerator \(AFCIA\) - Adaptation Fund \(adaptation-fund.org\)](https://www.adaptation-fund.org/)

18 [Our priorities | UNIDO](https://www.unido.org/)

category may accept more SMEs for support than others, and there is no quota for each priority category. This will ensure that adaptation SMEs with the highest quality and impact potential will receive support. Through ASIF, synergies between the five priority themes and the innovations will be tested and lessons shared widely for replication and adoption.

27. The program will include an innovative learning agenda, a process that will set out priority learning questions for each SME, as well as for the program itself and for ecosystem impact, and assess findings at the end of each cycle. The learning process will entail retrospectives on how the program itself is going to enable the scale of adaptation solutions, what is working and not working, so that improvements can be made from one cycle to the next. That cyclical approach will ensure that learnings from previous cycles are incorporated into subsequent cycles and learnings are shared via relevant knowledge products.

## **FOCUS AREA:** Food and Agriculture Value Chains

### **CONTEXT:**

28. SMEs active in different parts of the food and agricultural value chain may be exposed to different levels of climate risk – and may need to respond in different ways. Therefore, adaptation measures and solutions that increase the adaptive capacity of actors in agricultural value chains, particularly small-scale farmers, are critical.
29. Moreover, shoring up food and agricultural value chains is critical to overall food security, which is threatened by climate change impacts. For example, we anticipate that SMEs that participate upstream in agricultural value chains - specifically, small-scale farmers (agricultural producers) - will, in general, be directly exposed to hazards. These actors are also expected to have the lowest capacity to adapt, making them most vulnerable and least resilient to climate change.
30. SMEs active in the provision of agricultural inputs and the sale of climate adaptation technologies and products will also be exposed to climate hazards (given their clients' vulnerability), but their own vulnerability will be tempered by the extent to which their businesses are dependent on products sold to those clients (this is a level of complexity that will be accounted for in the project selection process).

31. SMEs active in midstream or downstream activities within agricultural value chains will also be exposed to climate shocks (given their dependence on supply from producers) and will also face increased challenges maintaining freshness of food products giving rising temperatures. Similarly, they may be disproportionately impacted by disruptions in transportation and logistics caused by floods, etc.

32. **Example of Eligible Projects:**

Focus area	Solution Area	Examples
<b>Farmers, fishers, pastoralists, alternative protein, and other producers</b>	<b>Inputs</b>	<ul style="list-style-type: none"> <li>- Suppliers of resilience-building agricultural and fishery inputs, infrastructure, and equipment (e.g., drought-resistant seeds, farm machinery, irrigation, greenhouses,)</li> </ul>
		<ul style="list-style-type: none"> <li>- Services for accessing improved inputs including leasing, financing, logistics, and supply chain.</li> </ul>
		<ul style="list-style-type: none"> <li>- Relevant financial services including microfinance and insurance solutions</li> </ul>
		<ul style="list-style-type: none"> <li>- Intelligence providers delivering improved access to climate and agricultural information</li> </ul>
		<ul style="list-style-type: none"> <li>- Power generation and energy</li> </ul>



	Farming methodologies and labor-saving technologies	efficiency solutions
		- Aqua- and hydroponic solutions, solar-powered irrigation
		- Vertical farming and farm management solutions
		- Remote sensing and drone technology, machinery, and farm automation
	Sustainable livelihoods	- Sustainable fishing and fishery management
		- Agroforestry and land restoration
- Regenerative agriculture		
Post harvest	Storage and handling	- Refrigeration and cold storage solutions
		- Warehousing (e.g., agri-hub SMEs which aggregate supply and demand)
	Market access	- Agricultural commodity trading platforms
Processing and sales*	Processing	- Renewable energy power and energy efficiency solutions including solar milling solutions
	Marketing and distribution	Solutions for market access

\*Projects from the processing of the value chain will be considered if they clearly demonstrate climate adaptation benefits for smallholder farmers.

Table 1: Example solutions in in the food and agricultural value chains

**FOCUS AREA:** Financial services

**CONTEXT:**

- 33. Climate change stressors create urgent needs for a range of financial services like credit, savings, and insurance all of which are critical to building, protecting and replenishing assets. Financial services can help households and businesses manage shocks, adapt to livelihoods and build long-term resilience.
- 34. In addition, fintech innovations such as digital payments, insurance, and smart integration of data serve as enablers, making other adaptation solutions more affordable and accessible for remote, low-income people. Finally, fintech innovations are critical to making carbon markets function and ensuring that carbon revenues are shared with last-mile beneficiaries.

**35. Examples of eligible projects:**

Focus area	Examples
Financial Services	- Emergency payments and remittances
	- Insurance
	- Disaster recovery savings and credit
Carbon markets	- Financing for carbon credit models
	- Measurement, reporting, and validation solutions that bring benefits to last mile users
	- Market infrastructure
Embedded finance	- PAYGo solutions, buy now pay later, and other embedded finance solutions that enable access to adaptation solutions like water management, renewable energy, waste management and more

*Table 2: Financial service solutions building resilient solutions for vulnerable people*

## **FOCUS AREA: Blue Economy**

### **CONTEXT:**

36. The blue economy is a key source of sustainable income, livelihoods, and food security, particularly in the context of Small Island Developing States (SIDS). Oceans and seas are a key source of food, energy, and minerals, and are being used more and more for multiple sectoral activities. Fisheries and aquaculture and the processing and trade of these resources, maritime transport, and coastal tourism are common examples of ocean-related activities that support sustainable livelihoods, food security, and employment.
37. The blue economy is also a strong contributor to climate adaptation and resilience. For example, healthy coral reefs protect against climate hazards by reducing the intensity of waves by upwards of 97%. And marine spatial planning can help mainstream solutions such as extending marine protected areas to include carbon-storing habitats and protecting or restoring native species that sequester carbon.
38. **Examples of Eligible Projects:**

<b>Focus area</b>	<b>Examples</b>
<b>Ecosystem, coastal zone, and natural resource management</b>	- Solutions to sustainably manage, conserve, or restore the health and resilience of coastal, marine and river ecosystems
	- Seafood processing and distribution, fisheries
	- Aquaculture and mariculture, algaculture
<b>Water and waste management</b>	- Solutions for reducing impact to marine life, coastal livelihoods and human health
	- Circular economy solutions
	- Solutions for recovering coastal ecosystems
	- Solutions to reduce marine debris and manage waste
<b>Sustainable development and infrastructure</b>	- Solutions enhancing resilience of coastal

	communities to climate change impacts and disasters
	- Solutions improving sustainability of coastal and marine tourism
	- Community infrastructure
	- Green ports and shipping (sustainable maritime infrastructure and transport)
	- Offshore wind renewable energy
	- Marine tidal, wave, geothermal renewable energy

Table 3: Blue Economy Focus Areas and Market Segments

**FOCUS AREA:** Urban Adaptation and Resilience

**CONTEXT:**

39. Today more than half of the world's population lives in cities, with the proportion of urban residents set to rise to over 70% by 2070. Climate extremes are reducing urban livability, compounding inequality, and threatening infrastructure. Integrating diverse adaptation measures will be required to realize the transformations needed to build resilience to climate change and protect urban infrastructure and communities.

40. **Examples of Eligible projects:**

Focus area	Examples
Urban Technological Solutions	- Sustainable and energy efficient heating and cooling solutions
	- Sustainable building materials
	- Solutions for strengthening flood defenses
	- Sensors and automated or unmanned systems to save, recycle, and upcycle water before or during droughts and floods

Table 4: Examples of urban technological solutions

**FOCUS AREA:** Health

**CONTEXT:**

41. Climate change is creating new health challenges and exacerbating existing healthcare burdens. The WHO estimates approximately 250,000 deaths per year between 2030 and 2050 from health challenges related to climate change like malnutrition, malaria, diarrhea, and heat stress<sup>19</sup>. In Africa, 56% of public health events recorded between 2001 and 2021 were climate-related, with 25% more events recorded between 2011 and 2021<sup>20</sup>. Already, diarrheal disease is the third leading cause of disease and death among children under five, a number that will only increase as risk of diarrhea increases.<sup>21</sup>

**42. Examples of Eligible projects:**

Focus area	Examples
Emergency healthcare services	- Disaster care and emergency services like ambulances and access to medicines
	- Early detection and response systems for pandemics and epidemics
Preventative and primary care	- Education for healthcare issues related to climate change impacts
	- Tropical disease detection and treatment
	- Rural clinics, telemedicine and other primary care

19 [Climate change and health \(who.int\) https://www.who.int/news-room/fact-sheets/detail/climate-change-and-health#:~:text=Climate%20change%20affects%20the%20social,malaria%2C%20diarrhoea%20and%20heat%20stress](https://www.who.int/news-room/fact-sheets/detail/climate-change-and-health#:~:text=Climate%20change%20affects%20the%20social,malaria%2C%20diarrhoea%20and%20heat%20stress)

20 [Africa faces rising climate-linked health emergencies | WHO | Regional Office for Africa https://www.afro.who.int/news/africa-faces-rising-climate-linked-health-emergencies](https://www.afro.who.int/news/africa-faces-rising-climate-linked-health-emergencies)

21 [Diarrhoeal disease \(who.int\) https://www.who.int/news-room/fact-sheets/detail/diarrhoeal-disease#:~:text=Key%20facts,525%20000%20children%20under%20five](https://www.who.int/news-room/fact-sheets/detail/diarrhoeal-disease#:~:text=Key%20facts,525%20000%20children%20under%20five)

Infrastructure and systems	- Solutions for preventing water and mosquito-borne disease spread
	- Cold chain for vaccines and other medications
	- Cooling shelters and efficient HVAC
Insurance and healthcare financing	- Health insurance and other financing schemes

Table 5: Examples of healthcare solutions

### Project/ Programme Components and Financing:

Fill in the table presenting the relationships among project components, outcomes, outputs, and countries in which activities would be executed, and the corresponding budgets.

For the case of a programme, individual components are likely to refer to specific sub-sets of stakeholders, regions and/or sectors that can be addressed through a set of well-defined interventions / projects.

Project/ Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (US\$)
1. Accelerating climate adaptation and resilience innovations via Ignite	1.1 SMEs improving climate adaptation and resilience (TRL 3-4/BRL 2-4) are accelerated in a way that is gender-responsive and considers environmental and social sustainability	1.1.1) 1 database of SMEs enhancing adaptation and resilience is built and analyzed with a gender-responsive and environmental and social (E&S) sustainability lens, and from it, SMEs are selected across the targeted countries (at least 80 SMEs; aim for at least 35% women-led SMEs, 40% with women in leadership team and 25% of SMEs offer products/services	Global	900,000

		that target women) 1.1.2) At least 80 SMEs are accelerated with technical assistance, refining solutions and their expected impact to enable greater resilience and adaptation for climate-vulnerable communities.		
2. Climate adaptation and resilience innovations are supported for deployment/scale-up while anchored in a deep understanding of users' needs and vulnerabilities to climate change impact (TRL 5-7/BRL 5-7) via Propel	2.1 Climate adaptation and resilience innovations (TRL 5-7/ BRL 5-7) supported for deployment/scale-up in a validated market	2.1.1) 1 database of SMEs enhancing adaptation and resilience is built and analyzed with a gender-responsive and environmental and social (E&S) sustainability lens, and from it, SMEs are selected across the targeted countries (at least 32 SMEs; aim for at least 35% women-led <u>SMEs</u> , 40% with women in leadership team and 25% of <u>SMEs</u> offer products/services that target women) 2.1.2) At least 32 SMEs are supported with performance-based grant and tailored technical support for deployment/scale-up in a validated market	Global	5,630,000

3. Strengthening the ecosystem for early-stage climate adaptation & resilience solutions	3.1 The ecosystem for early-stage climate adaptation & resilience solutions is built and strengthened	<p>3.1.1) Knowledge Products and tools will be documented, packaged, and shared to increase awareness and showcase locally led innovation globally applying a gender lens approach</p> <p>3.1.2) A community of investors and capital providers (at least 20 investors for SMEs (with at least (40% with women in their leadership team)) will be attracted and engaged with the opportunity to learn from and connect with each other and with innovators</p> <p>3.1.3) A community supportive of climate adaptation innovation (with gender lens) is created to connect, share, and assess progress.</p>	Global	1,896,779
<b>Total Project/Programme Cost</b>				<b>8,426,779</b>
<b>Project/Programme Execution cost</b>				672,402
<b>Project/Programme Cycle Management Fee charged by the Implementing Entity (9.9%)</b>				900,819
<b>Amount of Financing Requested</b>				<b>10,000,000</b>

### Projected Calendar:



Indicate the dates of the following milestones for the proposed project/programme  
 The duration of the programme should be up to five years.

Milestones	Expected Dates
Start of Project/Programme Implementation	March 2024
Mid-term Review (if planned)	March 2026
Project/Programme Closing	July 2028
Terminal Evaluation	October 2028

## PART II: PROJECT/PROGRAMME JUSTIFICATION

### A. Project/programme components

Describe the project / programme components, particularly focusing on *the concrete adaptation activities, how these activities would contribute to climate resilience. Describe also how they would build added value through the regional or multi-regional approach, compared to implementing similar activities in each country individually. Furthermore, show how the combination of individual projects would contribute to the overall increase in resilience.*

43. The Adaptation Small to Medium-Scale Enterprises (SMEs) Innovation Facility (ASIF) proposed by UNIDO aims to enhance the resilience and adaptive capacity of vulnerable communities by facilitating the deployment of innovative climate adaptation technologies and solutions. The support provided to a strategic approach employed to achieve this overarching goal. By providing comprehensive support and resources, ASIF aims to empower adaptation SMEs to scale up their operations and deploy effective adaptation solutions in diverse local vulnerable communities. ASIF consists of three components: Ignite, Propel, and the Knowledge and Learning mechanism.
44. Ignite (Component 1) supports adaptation SMEs at TRLs 3-4/BRLs 2-4. It provides business growth support through a four-five-month program that includes training workshops, specialist office hours, and aims to leverage AI tools for efficient learning. The goal is to help companies at these early stages develop impactful and viable products and business models. Ignite selects SMEs through a global open call for applications, with a focus on diversity and inclusivity, including local, women, and non-traditional founders. The technical support offered in

this component helps SMEs refine their solutions and understand the needs of potential users, ensuring the development of affordable and accessible products for climate adaptation.

45. Propel (Component 2) provides milestone-based grant financing and technical support to adaptation SMEs at TRLs 5-7/BRLs 5-7. This component aims to support SMEs in deploying their solutions to vulnerable communities. The grants are performance-based and tied to the achievement of specific milestones. Specialized technical assistance is also provided to help SMEs further their product research, establish partnerships, and develop marketing and data strategies. By bridging the financing gap for early-stage adaptation [SMEs](#), Propel encourages risk-taking and stimulates the scaling up and replication of high-impact innovations.
46. The **Strengthening the ecosystem of knowledge, funding, and talent for early-stage climate adaptation & resilience SMEs in emerging markets**(Component 3) will capture and create knowledge and expand and share evidence-based learnings for climate adaptation, component 3 will compile and provide analysis of insights gained from working with adaptation SMEs under components 1 and 2. In addition, the adaptation benefits of the supported solutions at the community level will be measured, monitored, and captured. These activities will be designed and conducted in alignment with ER 4 for the innovation pillar under MTS II, under component 3.
47. The global approach of ASIF brings added value compared to implementing similar activities in each country individually. By supporting adaptation SMEs from developing countries in different regions, ASIF fosters knowledge exchange and collaboration among diverse stakeholders. It enables the sharing of best practices, lessons learned, and innovative approaches to climate adaptation. The global approach also allows for the identification and replication of successful solutions in different contexts, maximizing the impact and scalability of adaptation efforts.
48. The combination of individual projects supported by ASIF contributes to the overall increase in resilience through several mechanisms. First, by enhancing the competitiveness of local adaptation SMEs, ASIF increases the pipeline of innovative adaptation solutions with tangible benefits at the community level. This directly contributes to the climate resilience of vulnerable communities and peoples. Second, the targeted interventions provided by ASIF accelerate the maturity of

climate adaptation solutions, bringing them to levels of revenue generation and impact. This positions the supported SMEs to engage with follow-on investors and support mechanisms, facilitating the replication and scaling up of their solutions. Finally, the comprehensive support and knowledge sharing facilitated by ASIF creates an enabling environment for learning and innovation, leading to the development of effective and efficient adaptation practices, tools, and technologies. The combination of these individual projects results in a synergistic effect, where the collective efforts of adaptation SMEs contribute to a greater overall increase in resilience. The structure of ASIF is depicted in Figure 4.

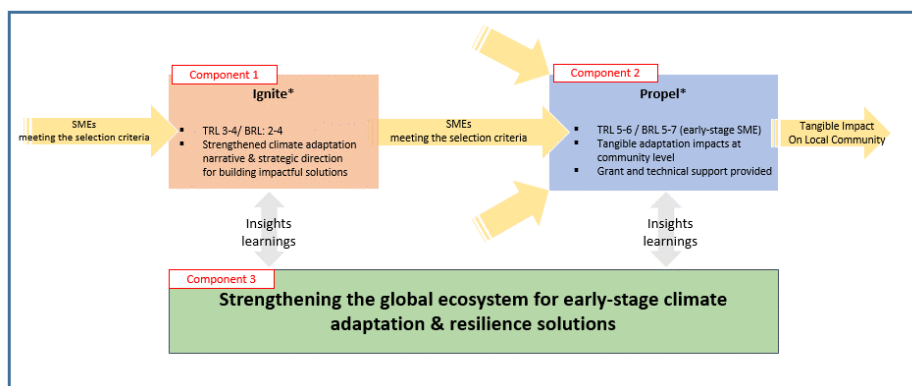


Figure 4 The Structure of ASIF

## Component 1: Ignite

49. Ignite will support SMEs with innovative adaptation solutions primarily at TRLs 3-4 and BRLs 2-4, and potentially those at the border of TRLs 2/3, BRL 1/2 if they have relevant opportunities and the capacity to benefit from the support offered. Ignite will run two cycles per year for four years, with each cohort consisting of 10 SMEs. The cohort size allows for tailored support during workshops and specialist support periods. Through a global call for applications, the goal is to reach a diverse selection of SMEs in terms of geography and adaptation technology, totaling 80 SMEs supported over four years.
50. Over a four to five-month period, Ignite provides technical support to adaptation SMEs, focusing on validating solutions and their expected impact in enhancing resilience for climate-vulnerable communities. This stage is crucial as innovators often need guidance in packaging and delivering their ideas. Close engagement with potential users

helps craft affordable, appropriate, accessible as well as environmentally and socially sustainable products.

51. Many founders typically rely on established networks and prestigious educational backgrounds from developed countries to navigate challenges. However, this puts women, local entrepreneurs, and non-traditional founders at a disadvantage. Ignite aims to address this disparity by providing skills training and networking opportunities through the following avenues:

- *Group workshops:* These workshops will focus on essential aspects such as crafting a climate adaptation narrative, developing a theory of change, validating assumptions with potential customers, and measuring and managing impact.
- *Specialist office hours:* Founders can avail themselves of one-on-one sessions with experts in various business-oriented topics, including investor positioning and marketing strategies. This guidance will prepare them for the next stages of technological readiness.
- *Network expansion:* Through the community of adaptation experts, founders will be able connect with industry stakeholders. This support system will consist of experts from the Global Cleantech Innovation Programme (GCIP), Private Financing Advisory Network (PFAN), UNIDO and others as relevant. Additionally, local country representatives supported by UNIDO will provide insights into relevant national and sub-national strategies for SMEs, offering feedback and potentially becoming long-term advisors.
- *Leveraging AI for Efficient Learning:* To expedite the learning process, the ASIF team proposes integrating AI tools that enable entrepreneurs to validate market potential and customer demand. These tools will be integrated into the workshop engagement. Additionally, select workshops may be recorded to develop video-based lessons accessible to entrepreneurs at any time. The curriculum may cover climate adaptation-specific topics (e.g., impact measurement) as well as crucial content on product-market fit and business strategy for early-stage entrepreneurs. These video lessons will be available to any SME and disseminated through partner programs, significantly increasing training accessibility to SMEs beyond the Ignite program.
- *Promoting Diversity and Global Reach:* Ignite aims to include a diverse range of participants, particularly local, women, and non-traditional founders. To achieve this, the call for applications will be designed to attract entrepreneurs from various regions across developing countries. To ensure broad participation, the call will be

amplified through close contacts, social media, and where relevant, local press announcements, and information webinars conducted in partnership with accelerators and incubators in different markets. Partner organizations such as Katapult<sup>22</sup>, Founder Factory Africa<sup>23</sup>, Factor(e) [SME Ventures](#)<sup>24</sup>, Norrsken<sup>25</sup>, New Ventures Fund<sup>26</sup>, Katalys Partners<sup>27</sup>, Iterative<sup>28</sup>, Ecoxyztem<sup>29</sup>, Sustaintech Xcelerator<sup>30</sup>, Wavemaker Impact<sup>31</sup>, Climate-KIC<sup>32</sup>, Antler<sup>33</sup>, Y Combinator<sup>34</sup>, and 500 SMEs<sup>35</sup>, which operate across these regions, will also be leveraged. Additionally, companies participating in TECA Venture Launchers<sup>36</sup> can be assessed for eligibility, expanding the pool of potential applicants.

- *Analysis and Insights for Continuous Improvement:* All submitted applications will be stored in a database to facilitate in-depth trend analysis. This analysis will help identify application patterns, regions requiring further encouragement, frequently observed adaptation solutions, and areas lacking sufficient solutions. Sharing these insights and engaging with SMEs will enable Ignite to keep developing countries, particularly those vulnerable to climate change, informed and involved.
- *Selection Process and Engagement:* Applications received will be assessed against the UNIDO “climate adaptation impact hypothesis” for Ignite, which includes Environment and Social Safeguard considerations, and with input from investment and finance experts where relevant. The Screening Committee, consisting of UNIDO and industry experts, will review and select a cohort of 10 SMEs from the pool of applicants. To enhance country ownership of the solutions selected, corresponding country government officials will receive the results of the finalist adaptation SME and the expected adaptation benefits for the country. Upon request by the government officials, they may also become part of the SME’s stakeholder network receiving notable updates on the

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22 [Katapult](#)

23 [Home \(foundersfactory.africa\)](#)

24 Factor[e] [SMEs](#) - Powering impactful technology solutions (factore.com)

25 [Norrsken Foundation - We help entrepreneurs solve the world's greatest challenges](#)

26 [newSMEfund.org](#)

27 [Katalys Partners - We Grow Impact](#)

28 [Iterative — Founders Supporting Founders](#)

29 [Venture Builder Indonesia | Ecoxyztem Venture Builder](#)

30 [Home | Sustaintech Xcelerator | Accelerator | Scaling up Carbon Removal](#)

31 [Wavemaker Impact | Co-founding sustainable businesses](#)

32 [Climate-KIC | The EU's main climate innovation initiative](#)

33 [Antler | The World's Day Zero Investor](#)

34 [Y Combinator](#)

35 [Accelerators - 500 Global](#)

36 [Become a founder - BFA Global](#)

SME's work to learn about their solutions and alignment with the national or sub-national adaptation and development strategies. Upon request, the country's government officials may also be invited to connect with the SMEs of their choice to remain abreast in the SME's growth journey beyond the program.

**Outcome 1.1 SMEs improving climate adaptation and resilience (TRL 3-4/BRL 2-4) are accelerated in a way that is gender-responsive and considers environmental and social sustainability**

**Output 1.1.1) 1 database of SMEs enhancing adaptation and resilience is built and analyzed with a gender-responsive and environmental and social (E&S) sustainability lens, and from it, SMEs are selected across the targeted countries (at least 80 SMEs; aim for at least 35% women-led SMEs, 40% with women in leadership team and 25% of SMEs offer products/services that target women)**

52. To ensure a high-quality pool of applicants, awareness raising campaigns will be conducted during the call for applications period. This campaign will include various activities such as webinars and online help centers to assist applicants in completing the application form and the climate adaptation impact hypothesis. The aim is to provide support and guidance to applicants, ensuring that they have access to relevant and accurate information.
53. During the Pipeline Review stage, the ASIF team will apply exclusion criteria to identify any immediate flags that may disqualify a company from further assessment. The due diligence process includes screening the applications based on eligibility criteria and review criteria. The ASIF team conducts an initial assessment of the applications within a period of 1-2 weeks.
54. After the initial due diligence, the screening committee, which consists of members from UNIDO, BFA Global and other industry experts, reviews the shortlisted applicants and announces finalists based on their evaluation. Once the finalists are selected, they will be onboarded to the Ignite cohort to participate in group workshops and receive other support as described above.
55. Throughout the entire process, transparency and accountability will be maintained, ensuring that the selection criteria and evaluation procedures are fair and unbiased. Regular progress reports and updates will be provided to stakeholders, highlighting the

achievements and impact of the initiative. By promoting gender equality, environmental sustainability, and social responsibility, the project seeks to create a vibrant ecosystem of resilient SMEs that contribute to sustainable development and inclusive growth in the targeted countries.

## Activities

### 1.1.1.1 Adaptation SMEs are identified and selected through a global call for applications to the Ignite program and included to the SME database

56. To identify and select adaptation SMEs for inclusion in the database, a global call for applications will be launched under Component 1 of the initiative, known as Ignite. This call will invite SMEs from around the world to submit their applications, showcasing their efforts in climate adaptation and resilience. The application form may adopt a self-assessment approach, allowing the SMEs to evaluate their own performance and potential in these areas.
57. During the call for applications period, an awareness-raising campaign will be conducted to attract a diverse pool of applicants. This campaign will utilize various channels, including online platforms, and where relevant, webinars, and online help centers, to provide support and guidance to interested SMEs. Webinars would aim to assist applicants in completing the application form and understanding the requirements of the adaptation impact hypothesis.
58. The aim of the awareness raising campaign and the provided resources is to ensure that applicants have access to relevant and accurate information, enabling them to submit high-quality applications. By participating in the webinars and utilizing the online help centers, SMEs will be equipped with the necessary knowledge and tools to effectively showcase their climate adaptation initiatives.
59. Through this inclusive and supportive process, the initiative aims to attract a wide range of adaptation SMEs from different regions, sectors, and backgrounds. The goal is to create a diverse and robust pool of applicants, demonstrating the global efforts in enhancing adaptation and resilience

### 1.1.1.2 Initial due diligence is performed with shortlisted SMEs for induction into Ignite

60. Once the applications for Ignite are received, an initial due diligence process is conducted to evaluate the shortlisted SMEs and determine their suitability for induction into the program. This process involves an

assessment of the information provided in the application form, including the climate adaptation impact hypothesis, followed by possible interviews to better understand the founder's vision, ideas, actual progress and needs.

61. The draft application form for Ignite includes a comprehensive set of questions aimed at gathering relevant information about the applicant and their company. The form covers aspects such as the company's background, including its registration status and employee composition. It also delves into the specifics of the adaptation solution, including its sector, target customers, and projected climate adaptation impact. Select questions in the form may also be completed as part of the deeper interviews.
62. The information collected through the application form and interviews serves as a basis for conducting a detailed analysis of the shortlisted SMEs. This initial due diligence process involves a careful review of the provided data, verification of claims, and further assessment of the potential of the adaptation solution including their environmental and social sustainability. The aim is to identify SMEs that demonstrate strong potential for growth and impact in the field of climate adaptation.
63. By performing initial due diligence, the Ignite program ensures that selected SMEs meet the necessary criteria and have the potential to benefit from the support and resources offered by the initiative. This rigorous evaluation process helps identify promising [SMEs](#) that can contribute to enhancing adaptation and resilience while aligning with the goals and objectives of the program.

**Output 1.1.2) At least 80 SMEs are accelerated with technical assistance vetting solutions and their expected impact to enable greater resilience and adaptation for climate-vulnerable communities.**

64. Ignite's primary focus is to accelerate at least 80 SMEs by providing them with technical assistance that evaluates their solutions and their expected impact on climate-vulnerable communities. The program recognizes the importance of building resilience and adaptation in communities facing the challenges of climate change.
65. During the initial stages of the program, it is common for innovators to possess promising ideas but lack the necessary expertise in packaging and delivering their solutions effectively. Therefore, Ignite offers a comprehensive four-five-month support system to these



adaptation SMEs. The technical assistance provided during this period is designed to assist SMEs in evaluating their solutions and understanding the potential impact they can have on vulnerable communities.

66. A crucial aspect of the technical assistance is training SMEs to engage closely with the target users of their solutions. By gaining a thorough understanding of their needs, preferences, and limitations, the SMEs can develop products and services that are not only innovative but also affordable, appropriate, accessible and environmentally and socially sustainable. This user-centric approach ensures that the developed solutions are well-aligned with the requirements of the climate-vulnerable communities they aim to serve.
67. By focusing on this critical phase of product development, Ignite establishes a strong foundation for accelerated [SMEs](#). Technical assistance enables SMEs to refine their solutions, ensuring that they are robust, market-ready, and have a high potential for impact. This support mitigates risks for early-stage companies and increases the likelihood of their success. Furthermore, by emphasizing the development of viable business models, Ignite fosters the creation of sustainable [SMEs](#) that can effectively address the challenges of climate change, provide environmentally and socially sustainable solutions and contribute to the resilience and adaptation of vulnerable communities.

### Activities

1.1.2.1 Conduct 4 cycles of Ignite for climate adaptation solutions between TRLs 3-4/BRLs 2-4, minimum 20 SMEs supported per cycle (1 cycle has 2 cohorts; total 80 SMEs accelerated over 4 years)

68. Under component 1.1.2.1, Ignite will conduct four cycles to support climate adaptation solutions in the TRLs 3-4/BRLs 2-4. Each cycle per year will consist of two cohorts, with a minimum of 20 SMEs supported per cycle. This approach aims to accelerate a total of 80 SMEs over a span of four years.
69. By targeting TRLs 3-4/BRLs 2-4, Ignite focuses on SMEs that have progressed beyond the experimental proof-of-concept stage and are ready for validation in the lab. The cycles provide intensive support, mentorship, awareness on ESS risks and maladaptation and resources to these SMEs, enabling them to refine their solutions and advance towards market readiness, ultimately contributing to climate resilience and adaptation.

## Component 2: Propel

70. Propel under component 2 provides performance-based grant financing and bespoke venture building support to selected adaptation SMEs, bridging the financial gap for SMEs at TRLs 5-7/BRLs 5-7, or between 3-10 years from establishment objective of component 2 is to support adaptation solutions for deployment/scale-up in a validated market (i.e., vulnerable community). In addition to deepening the SME's impact, partnerships with CSOs and other local organizations will be encouraged to enable local community growth. The duration of Propel support will be determined as part of the final selection stage, where the adaptation SME's milestones and related timelines will be agreed. A global call for applications for Propel will be conducted on a rolling basis, and all SMEs from countries eligible for Adaptation Fund's funding are invited to apply (there will be no precondition for SMEs to graduate from Ignite).

### Outcome 2.1 Climate adaptation and resilience innovations supported for deployment/scale-up in a validated market

**Output 2.1.1) 1 database of SMEs enhancing adaptation and resilience is built and analyzed with a gender-responsive and environmental and social (E&S) sustainability lens, and from it, SMEs are selected across the targeted countries (at least 32 SMEs; aim for at least 35% women-led SMEs, 40% with women in leadership team and 25% of SMEs offer products/services that target women)**

71. ASIF Component 2 (Propel) will announce a global call, utilizing a self-assessment approach in the application form followed by deeper assessment interviews where relevant. To ensure high-quality applications, an awareness-raising campaign will be conducted during the application period. This campaign may include webinars and online help centers to assist applicants in completing the application form and the adaptation impact hypothesis accurately. Encouraging participation in these resources will ensure the provision of relevant and precise information.
72. During the Pipeline Review, the ASIF team will employ exclusion criteria to identify any immediate disqualifications for further assessment. The process includes initial due diligence, conducted over 1-2 weeks, to screen applications based on eligibility and review criteria. A screening committee, consisting of UNIDO experts, reviews the shortlisted candidates and the ASIF team proceeds with deeper

due diligence, lasting 3-4 weeks. The ASIF team conducts thorough assessments, communicates with SMEs, and prepares a final shortlist. The independent investment committee, composed of UNIDO, BFA Global, and relevant industry experts), receives an investment memo for the shortlisted candidates and provides feedback. The national representative's feedback is incorporated, and upon confirmation, the selected SMEs join Propel. [To participate in the Propel program, all SMEs must obtain Letters of Endorsement from AF's Designated Authorities in their country of operation.. These letters are necessary and mandatory for SMEs to access the program's resource](#)

## Activities

### 2.1.1.1 High impact Adaptation SMEs are identified through a global call for applications to Propel and included to the [SME](#) database

73. Activity 2.1.1.1 aims to identify high-impact Adaptation SMEs through a global call for applications to Propel, which is part of ASIF Component 2. The call for applications will be announced, encouraging SMEs to participate and showcase their innovative solutions. The application process will utilize a self-assessment approach, allowing SMEs to evaluate their own potential for high impact in enhancing adaptation and resilience.
74. To ensure the selection of high-quality applicants, an extensive awareness-raising campaign will be conducted during the application period. This campaign will utilize various channels, including, where relevant, webinars and online help centers, to provide support and guidance to the applicants. The goal is to assist them in accurately completing the application form and presenting their adaptation impact hypothesis effectively. By leveraging these resources, applicants will have access to relevant information and be better equipped to submit comprehensive and compelling applications.
75. During the evaluation process, the ASIF team will perform a Pipeline Review, applying exclusion criteria to identify immediate disqualifications. This initial due diligence phase will screen applications based on eligibility and review criteria. Shortlisted candidates will undergo a deeper due diligence process, lasting 3-4 weeks, during which the ASIF team will conduct in-depth assessments, engage in communication with SMEs, and prepare a final shortlist.
76. The investment committee, consisting of UNIDO, BFA Global, and industry experts, will receive an investment memo for the shortlisted candidates and provide feedback. Feedback from national

representatives will also be incorporated into the decision-making process. Once the selected SMEs are confirmed, they will join Propel, and their information will be included in the [central](#) database. [To participate in the Propel program, all SMEs must obtain Letters of Endorsement from AF's Designated Authorities in their country of operation.. These letters are necessary and mandatory for SMEs to access the program's resources.](#)

#### 2.1.1.2 Deeper due diligence is performed with shortlisted SMEs for induction into Propel

77. During the deeper due diligence phase, the shortlisted SMEs for induction into Propel will undergo a thorough assessment to evaluate their alignment with the Climate Adaptation Impact Hypothesis. This phase aims to gather more detailed information about the applicant's business, adaptation solution, and potential impact.
78. In addition to interviews, the deeper due diligence phase may include a review of the applicant's financial statements, business plans, and relevant documentation. This will help evaluate the financial viability and growth potential of the SME, as well as their track record of revenue generation and funding raised to date. The ASIF team will also assess the SME's current and planned expansion locations, considering their relevance to climate vulnerabilities and adaptation needs.
79. Furthermore, during this phase, the ASIF team may engage with external experts, financial advisors, or industry specialists to validate and further evaluate the applicant's adaptation solution and its potential impact. These experts will provide valuable insights and recommendations based on their expertise, helping to inform the final selection of SMEs for inclusion in Propel.

#### **Output 2.1.2) At least 32 SMEs are supported with performance-based grant and tailored technical support for deployment/scale-up in a validated market**

80. Propel supports adaptation SMEs at TRLs 5-7/BRLs 5-7(they can be SMEs that did not participate in Ignite phase that apply directly). It will aim to support 32 companies over 4 years, 8 per year, at TRL 5-7/BRLs 5-7. In total, each company would receive a package of \$130,000 made up of \$90,000 in performance-based grants, and bespoke and tailored technical support of up to \$40,000 in value. The technical assistance will be designed with a deep understanding of

users' needs and vulnerabilities to climate change impacts. The program will have the following characteristics:

- *Grant financing:* The program proposes to provide performance-based grant financing with equal terms for all entrepreneurs. Standard terms are fairer and easier to explain to SMEs willing to join the program and make the program simpler to administer operationally with a large volume of companies. The \$90,000 in grants will be disbursed in two tranches. The first tranche of \$40,000 would be disbursed upfront to provide an operating runway to the SMEs to deploy or scale-up their solution among a target climate-vulnerable community. The remaining \$50,000 would be disbursed when SMEs have developed an impact measurement plan as described below as well as reached business milestones as determined at the start of the engagement. Based on comparable offerings in the market including venture accelerators, non-equity-based grants of \$130,000 are highly competitive. Based on BFA Global's deep experience supporting SMEs globally, combining technical support of a minimum of \$40,000 with grants provides valuable support to [SMEs](#). With \$40,000 in venture building support, SMEs can receive dedicated support in one-to-two key business areas which can enhance their product and impact approach to serving low income and vulnerable communities, for example user research to validate if the solutions are actually suited to support the adaptive capacity of vulnerable communities; or product experiments to implement changes that will facilitate the uptake of the product (value proposition, technology adopted, marketing channels, distribution channels etc.).
- A lower amount of venture building would not be sufficient to deliver bespoke value to companies that leads to actual improvements in the product and increases the speed at which [SMEs](#) reach product-market fit. As an example, other deep and bespoke venture building programs, like Catalyst Fund and Founders Factory Africa provide \$100K in venture building, whereas lighter-touch programs like seed stars or Techstars provide \$15-\$25K in program fees for lighter touch support and mentoring. With \$90,000 in grants, SMEs can make at least one key hire for the team and extend their runway typically for 6-9 months, depending on the burn rate. With more grant capital, at this stage, they may not have the ability to absorb it well and use it toward key priorities in the business. A leader accelerator in this space, like Catalyst Fund, also managed by BFA Global, has experimented with various ranges over time and demonstrated that \$80-100K in capital + \$40-\$100,000 in venture

building yields significant results for SMEs. Catalyst Fund's portfolio of 61 companies over 7 years has raised 86x the capital provided to SMEs, \$800m in total follow-on funding raised, and reached over 40m users across 15 markets, with an 88% survival rate of the portfolio (compared to market average of less than 50% survival rate, according to the Global Acceleration Learning Initiative). *Impact measurement:* During the planning phase, the SMEs, with some guidance, will identify a few key metrics of success that, once achieved, will unlock the second tranche of \$50,000. Metrics of success may range from reaching several local community members through their product, improving their user engagement, to gathering relevant product-related user feedback that meets a pre-defined expectation. For longer-term adaptation benefits, SMEs will be required to share mutually agreed metrics for two years after the technical support is concluded.

- *SMEs-building support:* SMEs in phases 5-7 are getting their product to market and preparing for scale, thus need a wide range of skills and expertise to ensure reliable, high-quality, and impactful products. However, at this stage, they do not have the resources to secure top talent or launch sophisticated prototyping and marketing campaigns. Propel will solve this problem by providing the talent and technical assistance necessary to help SMEs deploy or scale up their solutions among vulnerable communities. In particular, the technical support would focus on one of two areas, i) designing and running dedicated innovation pilots with the SMEs to experiment with methods to increase the uptake of their resilience solutions among their target users, or ii) designing and running research among user groups to understand how the product is being experienced, how it can enable long-term adaptation benefits among vulnerable communities, and what needs to be done to deepen its impact. The type of bespoke support provided will depend on the stage of each SME and their needs, based on an initial assessment of the business and operating model. For example, if there are gaps in users' uptake, then an innovation pilot may be suitable which could focus on refining methods to improve engagement with local communities or designing and running innovative marketing campaigns to test uptake. If SMEs already have a strong business model in place, then running local research to learn about the product's performance would help the SME learn from the ground and improve their product or service accordingly. BFA Global is developing a tool to understand climate vulnerability from local communities, deployed via a chatbot. The methodology is built on

the latest discussion on dialogues on vulnerability and adaptation measurement, including work from 60 Decibels, and could be used as part of the user research. Any remaining technical support time would be used to support SMEs in preparing for their next TRL/BRL stage through fundraising and business strategy support. Selection and screening will be critical to the success of Propel so that promising solutions become part of the program, particularly for including local, women, and other non-traditional founders.

81. Components 1 and 2 would be run in parallel as highlighted in Figure 5. However, to provide fair chances of applications to Propel for SMEs receiving support from Ignite, Component 2 could be run in a staggered approach so that SMEs graduating from Ignite in the previous six months can apply to the next Propel cycle. Together, Ignite and Propel aim to directly support at least 112 SMEs.

	Target SMEs (per half year)												T o t a l
	H1 Y1*	H2 Y1	H1 Y2	H2 Y2	H1 Y3	H2 Y3	H1 Y4	H2 Y4	H1 Y5	H2 Y5	H1 Y6		
<b>Ignite</b>		10	10	10	10	10	10	10	10	10			<b>80</b>
<b>Propel</b>			8		8		8		8				<b>32</b>

\*H1Y1 = first half of project year 1

Figure 5 Sequence of Ignite and Propel

## Activities

2.1.2.1 Develop and administer Propel facility, and disburse package of performance-based grants and technical support for adaptation SME at TRLs 5-7/BRLs 5-7 (at least 8 SMEs supported per year, at least 32 SMEs supported in total)

82. Activity 2.1.2.1 focuses on the development and administration of the Propel facility, as well as the provision of performance-based grants and technical support to adaptation small and medium-sized enterprises (SMEs) operating at TRLs 5-7/BRLs 5-7. The primary objective is to facilitate the growth and advancement of at least 8 SMEs each year, with a total target of supporting a minimum of 32



SMEs overall. The grants offered will be contingent on the SMEs' demonstrated performance and progress in developing innovative solutions for adaptation.

83. In addition to financial assistance, the supported SMEs will benefit from tailored technical support aimed at addressing their specific needs. This assistance will enable them to navigate technical challenges and overcome barriers encountered during the development and implementation of their adaptation projects. By combining financial resources and specialized guidance, this activity aims to empower SMEs and foster their contribution to enhancing climate resilience.
84. Through Activity 2.1.2.1, the Propel facility plays a pivotal role in identifying and nurturing promising adaptation SMEs. By administering performance-based grants, the facility ensures that the financial support provided is tied to the SMEs' achievements, incentivizing them to deliver tangible outcomes. Moreover, the availability of targeted technical support helps bridge knowledge and resource gaps, fostering the growth of these SMEs and enabling them to make significant contributions to the field of climate adaptation.
85. As part of facility administration, the team will coordinate with specialists to consolidate insights from working with sourcing, selecting and supporting [SMEs](#) from Propel and, where relevant, Ignite, to improve internal processes and methods for delivering impactful outcomes to SMEs. The learning can also be transformed into learning blogs that can be shared with the wider industry. The team will aim to publish at least 15 learning blogs from this effort.

### **Component 3: Strengthening the ecosystem of knowledge, funding, and talent for early-stage climate adaptation & resilience SMEs in emerging markets**

86. Lessons learned and insight gained through supporting adaptation SMEs under components 1 and 2 will be captured under component 3 to generate an evidence base on the enabling conditions for successful development and deployment of adaptation innovations. The definition of ecosystem includes all stakeholders that enable adaptation solutions: SMEs, SME supporters, investors, funders, policymakers, corporates, global community of experts. Knowledge exchange and transfer for and among developing countries will be facilitated through dialogues, events, and knowledge products that



leverage UNIDO networks and partners at local, regional, national and global levels. These insights will be packaged and shared to accelerate progress and promote better solutions globally.

87. This program will ideate creative and innovative approaches to also influence national and local policy makers based on the evidence generated from the innovative projects supported. For example, In Ignite and Propel, once the SMEs are onboarded, corresponding [country's AF Designated Authority will](#) be invited to engage with the SMEs to learn about their solutions and discuss alignment with the national or sub-national adaptation and development strategies. UNIDO-identified country officials could also be invited to remain in touch with the SMEs of their choice to remain connected in the SME's growth journey. In this way, a genuine sense of partnership and relationship will be intentionally built between the SMEs and the policy makers, which will be crucial and have the ability to influence each other's important work. This will also have the potential to extend beyond the project duration and open up many other possibilities for collaboration and learning in itself.
88. The component is built on three strategic pillars: knowledge management, attracting capital, and community creation. To successfully execute Component 3, UNIDO will hire technical experts through an international open competition according to UNIDO rules and procedures. Qualified female candidates will be strongly encouraged to apply for these roles. The technical experts are expected to contribute significantly to building a resilient ecosystem for early-stage climate adaptation and promoting innovative solutions globally. At least two experts are expected to be recruited for delivery of targets and activities under component 3:
- Adaptation Expert to ensure effective knowledge management throughout the program. This role will be responsible for capturing, organizing, and disseminating insights and lessons learned from supporting adaptation SMEs under components 1 and 2. By generating an evidence base on the enabling conditions for successful development and deployment of adaptation innovations, the Adaptation Expert will play a pivotal role in accelerating progress and promoting better solutions globally.
  - Communications Expert will be responsible for effective communication and promotion of ASIF's activities, achievements, and impact to a broader audience. By leveraging communication strategies and platforms, this role will enhance the program's

visibility and engagement with stakeholders, including investors, SMEs, policymakers, and global communities.

### **Outcome 3.1 The ecosystem for early-stage climate adaptation & resilience solutions is built and strengthened**

#### **Output 3.1.1) Knowledge Products and tools will be documented, packaged, and shared to increase awareness and showcase locally led innovation globally applying a gender lens approach**

89. Under the knowledge management, the program will document and share insights and findings from research, measurement, and technical assistance provided to founders and climate-vulnerable communities. These insights will increase awareness and showcase locally led innovation globally. The program may also develop specific tools for entrepreneurs and future founders. A learning agenda will guide the research and content strategy, ensuring systematic gathering and sharing of knowledge. The program will publish global knowledge products featuring entrepreneurs and ecosystem leaders to attract stakeholders to the sector. These products may include blogs, focusing on SMEs, ecosystem support organizations, and policymaking audiences. Additionally, the program proposes executing a groundbreaking Podcast on Climate Resilience and Adaptation innovation to encourage new stakeholders to join the sector and highlight lessons across emerging markets

#### **Activities**

##### **3.1.1.1. Learning agenda strategy developed so that insights are gathered, and lessons captured to benefit the wider ecosystem in developing countries**

90. Activity 3.1.1.1 focuses on developing a learning agenda strategy to gather insights and capture lessons that will benefit the wider ecosystem in developing countries. The program recognizes the importance of knowledge management and aims to document and share valuable information derived from research, measurement, and technical assistance provided to founders and climate-vulnerable communities. This may also include documenting tools and strategies that are viewed as effective for various critical areas of operations, for example, for data collection.
91. By adopting a learning agenda, the program ensures a systematic approach to gathering and sharing knowledge. This strategy guides the research and content strategy, enabling the program to document and package insights effectively. The goal is to increase awareness

and showcase locally led innovation on a global scale. The program may also develop specific tools to support entrepreneurs and future founders, empowering them with the necessary resources to drive climate resilience and adaptation efforts.

### 3.1.1.2 A podcast on early-stage climate adaptation launched to encourage and motivate new stakeholders to join the sector

92. Activity 3.1.1.2 focuses on launching a podcast specifically dedicated to early-stage climate adaptation. The primary objective of this podcast is to encourage and motivate new stakeholders to join the sector, recognizing the importance of their involvement in driving climate resilience efforts.
93. The podcast will serve as a platform to showcase success stories, innovations, and experiences of individuals and organizations actively engaged in early-stage climate adaptation. It will feature interviews with experts, entrepreneurs, and thought leaders who have made significant contributions to the field. By highlighting their stories and sharing valuable insights, the podcast aims to inspire and educate listeners about the potential and opportunities within the climate adaptation sector.
94. Through engaging and informative episodes, the podcast will demonstrate the importance of early-stage engagement in climate adaptation and emphasize the positive impact that new stakeholders can make. It will address various aspects of climate resilience, including innovative solutions, policy frameworks, funding opportunities, and community-driven initiatives. By disseminating this knowledge in an accessible and engaging format, the podcast will help attract a broader audience, including individuals, businesses, and organizations, who may not have been previously aware of the potential for their involvement in climate adaptation.

### 3.1.1.3 Finalising gender analysis and gender action plan for ASIF

95. Activity 3.1.1.3 focuses on finalising a gender analysis and a gender action plan for ASIF. This analysis aims to conclude the gender dynamics and implications within the program's activities and identify opportunities to promote gender equality and women's empowerment.
96. The gender analysis involves a comprehensive examination of the ASIF's design, implementation, and outcomes through a gender lens. It assesses how gender norms and roles may affect the participation,

opportunities, and benefits of women entrepreneurs and climate-vulnerable communities. By understanding the specific challenges and barriers faced by women in the sector, the analysis will inform the development of targeted interventions and strategies to address gender gaps and promote inclusivity.

97. Based on the findings of the gender analysis, a gender action plan has been formulated. This plan outlines specific measures and activities to integrate a gender-responsive approach throughout ASIF. It includes strategies such as capacity-building programs for women entrepreneurs, targeted financing mechanisms, and mentorship opportunities. The action plan also identifies indicators and monitoring mechanisms to track progress in mainstreaming gender equality within the program.
98. By concluding a gender analysis and finalising a gender action plan, the ASIF aims to ensure that its activities and support mechanisms are inclusive, equitable, and responsive to the needs and aspirations of women entrepreneurs. It recognizes the importance of gender equality in driving sustainable and effective climate adaptation efforts and seeks to create an enabling environment that fosters women's empowerment and participation in the sector

**Output 3.1.2) A community of investors and capital providers (at least 20 investors for SMEs (with at least 40% with women in their leadership team)) will be attracted and engaged with the opportunity to learn from and connect with each other and with innovators**

99. The attracting capital pillar aims to address the key barrier to growth for SMEs, which is accessing private sector and investment capital. The program will nurture and connect a community of investors and capital providers, facilitating learning and networking opportunities with innovators. Demo days, events, personal connections, and knowledge products will showcase companies that go through the Ignite and Propel programs, increasing their visibility to investors and facilitating follow-on investments. Specific knowledge products will be developed for investors, focusing on upcoming adaptation models, growth potential in specific markets, and women-led solutions.

**Activities**

**3.1.2.1 5 Investor specific knowledge products (gender-responsive and E &S sustainable) are prepared with relevant stakeholder consultation and analysis**

100. Activity 3.1.2.1 focuses on the preparation of five investor-specific knowledge products with a gender-responsive and environmental and social sustainability (E&S) lens. These knowledge products aim to provide relevant and targeted information to investors, considering the importance of gender equality and environmental sustainability in their decision-making processes. Knowledge products may include industry publications like a landscape of climate adaptation solutions that can help visualize the current state of the industry and where there might be gaps that need attention. They may also include case studies on tools and impact measurement methods.
101. To ensure the effectiveness and relevance of these knowledge products, a consultative approach will be adopted, engaging relevant stakeholders in the process. This may involve consultations with investors, climate-vulnerable communities, women entrepreneurs, and other key actors in the climate finance ecosystem. The consultations will help gather diverse perspectives and insights, ensuring that the knowledge products address the specific needs and interests of the target audience.
102. The knowledge products will integrate a gender-responsive approach, which means they will consider the differentiated experiences, needs, and opportunities of women entrepreneurs in the climate adaptation sector. They will also incorporate environmental and social sustainability considerations, highlighting the importance of investments that contribute to positive environmental outcomes and social well-being. These products may take the form of reports, guidelines, case studies, or toolkits, providing investors with practical and actionable information to guide their investment decisions.
103. By preparing these investor-specific knowledge products, the program aims to enhance investors' understanding of the gender and sustainability dimensions in climate adaptation investments. It seeks to promote investments that not only yield financial returns but also contribute to gender equality, environmental protection, and social sustainability. These knowledge products will serve as valuable resources to inform and guide investors towards more inclusive and sustainable investment practices in the climate adaptation space.

#### 3.1.2.2 Investors and SMEs in-person meetup annual events (2 in total; Y3 and Y5) conducted to promote engagement and unlock funding for SMEs

104. Activity 3.1.2.2 focuses on organizing annual in-person meetup events for investors and small and medium enterprises (SMEs) in the climate

adaptation sector. These events, conducted twice during Year 3 and Year 5 of the program, serve as platforms to promote engagement, networking, and facilitate funding opportunities for SMEs.

105. The meetup events provide a unique opportunity for investors and SMEs to interact directly, fostering relationships and building trust. Investors attending these events gain insights into the innovative solutions and potential investment opportunities within the climate adaptation sector. Simultaneously, SMEs get the chance to showcase their work, share their experiences, and pitch their projects or initiatives to potential investors.
106. The events are carefully curated to maximize engagement and unlock funding opportunities for SMEs. They may include panel discussions, pitch sessions, workshops, and networking activities. By bringing together investors and SMEs, these events create a conducive environment for meaningful discussions, collaboration, and potential partnerships. Additionally, the events provide a platform for knowledge exchange, where investors can learn about the challenges and opportunities faced by SMEs in the climate adaptation sector, and SMEs can gain insights into the expectations and requirements of investors.
107. Through the in-person meetup events, the program aims to bridge the gap between investors and SMEs, facilitating increased funding for climate adaptation projects. By fostering connections and relationships between these key stakeholders, the events contribute to unlocking financial resources and accelerating the growth and impact of SMEs in the sector. Ultimately, these events play a vital role in promoting engagement, knowledge sharing, and funding opportunities, driving the advancement of climate adaptation initiatives and fostering a vibrant ecosystem of investors and SMEs.

**Output 3.1.3) A community supportive of climate adaptation innovation (with gender lens) is created to connect, share, and assess progress.**

108. Under the community creation pillar, the program emphasizes the importance of creating moments for in-person and virtual sharing and discussion to build a community around climate adaptation and resilience innovation. Virtual global events will bring SMEs from different regions together, while regional online events will be tailored to specific contexts. The program will also have a presence at COP

conferences to raise its profile and visibility with global stakeholders, leveraging lessons learned from past events to optimize engagement, connections, and learning.

#### Activities

##### 3.1.3.1 Virtual global (1/year) and virtual regional events (3/year) to bring ASIF SMEs supported together

109. Activity 3.1.3.1 focuses on creating a supportive community for climate adaptation innovation, with a particular emphasis on applying a gender lens. The program recognizes the importance of connecting, sharing, and assessing progress within this community. To achieve this, the program will organize virtual global events, bringing together small and medium enterprises (SMEs) supported by ASIF from different regions. These events will serve as platforms for knowledge exchange, collaboration, and fostering a sense of belonging within the climate adaptation ecosystem.

110. In addition to the global events, the program will also organize virtual regional events tailored to specific contexts. These regional events will provide a more focused space for SMEs to engage with one another, share experiences, and address challenges unique to their respective regions. By facilitating these regional interactions, the program aims to strengthen community bonds and create localized networks of support and collaboration.

##### 3.1.3.2 Promotion and dissemination of learnings on climate adaptation and resilience innovation at COP29, COP30, COP31, COP32 and COP33

111. To enhance its visibility and engage with global stakeholders, the program will also have a presence at relevant conferences such as the Conference of the Parties (COP). By leveraging lessons learned from past events, the program will optimize its engagement strategies, connections, and learning opportunities. Attending such conferences will allow the program to showcase its achievements, share best practices, and contribute to global discussions on climate adaptation and resilience innovation.

#### **B. Contribution to the expected results under the innovation pillar**

*Describe how the project /programme would contribute meaningfully to the Expected Results under the Innovation Pillar (i.e. (i) New innovations and risk-taking<sup>37</sup> encouraged and accelerated; (ii) Successful innovations*

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<sup>37</sup> For some clarifications on the concept of risk, please see [INNOVATION PROJECT DESIGN ELEMENTS AND FURTHER CLARIFICATION ON THE CONCEPT OF RISK](#).



replicated and scaled up; (iii) Access and capacities enhanced for designing and implementing innovation and; (iv) Evidence base generated and shared)

Facility’s approach to innovation:

112. ASIF employs an open innovation approach, and will provide comprehensive business growth support (technical, financial, and business assistance) for piloting and scaling-up of climate adaptation solutions from selected seed and early-stage SMEs as shown in Figure 6. Ignite will identify and select adaptation solutions through a global open call for applications, and the selected adaptation SMEs will participate in a business acceleration programme. The assistance provided through Ignite under component 1 will be a de-risking measure for the grant financing and specialized venture building support to be disbursed through Propel under component 2. Eligible adaptation SMEs may directly apply for the Propel, without going through Ignite.

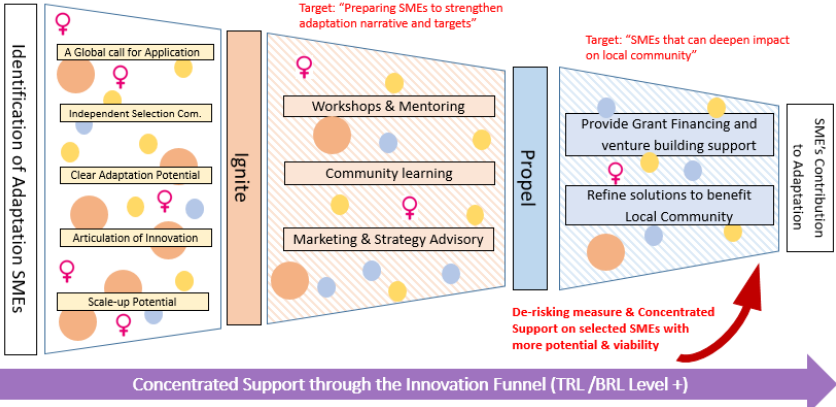


Figure 6: ASIF supported SMEs through the Innovation Funnel

113. The project/programme would contribute meaningfully to the Expected Results under the Innovation Pillar in the following ways:

- a. **New innovations and risk-taking encouraged and accelerated:** Ignite aims to support SMEs at TRLs 3-4/BRLs 2-4 and potentially those at the cusp of TRLs 2 and 3 or BRLs 1 and 2. By providing technical support, and training through workshops, the programme helps these SMEs de-risk their early-stage innovations, refine their products, and develop viable business models. The incorporation of AI tools in the workshop engagement further accelerates the learning process, allowing entrepreneurs to validate market potential and customer demand efficiently. This support encourages new



innovations and risk-taking by providing entrepreneurs with the necessary skills, networks, and resources to navigate challenges and bring their climate adaptation solutions to the market.

- b. **Successful innovations replicated and scaled up:** Propel component (Propel) focuses on supporting adaptation SMEs at later stages (TRLs 5-7/BRLs 5-7). By providing performance-based grant financing and tailored venture building support, the programme enables these SMEs to deploy or scale up their solutions in validated markets, particularly vulnerable communities. The grant financing helps bridge the financial gap for early-stage SMEs, while the technical support assists with venture-building, innovation pilots, user research, and preparation for the next TRL/BRL stage. This comprehensive support enhances the potential for successful innovations to be replicated and scaled up, contributing to climate resilience at regional and global levels. By working with solutions supported by Ignite and Propel, the program will also gain unique insights into promising climate adaptation business models which can be shared through knowledge outputs that help the industry grow and encourage new innovators to replicate impactful solutions.
- c. **Access and capacities enhanced for designing and implementing innovation:** The project/programme aims to enhance access and capacities for designing and implementing innovation. Through Ignite, SMEs receive skills training, networking opportunities, and one-on-one sessions with experts in various business-oriented topics. The tailored coaching and mentorship provided by a network of experts and adaptation specialists strengthen the capabilities of entrepreneurs. The programme also promotes diversity and inclusivity by targeting local, women, and non-traditional founders. By leveraging partnerships with various organizations and accelerators across developing countries, the project/programme expands access to resources, networks, and expertise for SMEs, enhancing their capacities in designing and implementing innovation for climate adaptation.
- d. **Evidence base generated and shared:** The Strengthening the ecosystem of knowledge, funding, and talent for early-stage climate adaptation & resilience SMEs in emerging markets component (Component 3) of the project/programme aims to generate an evidence base on the enabling conditions for successful development and deployment of adaptation innovations. Lessons learned and insights gained through supporting adaptation SMEs

under Components 1 (Ignite) and 2 (Propel) will be captured and shared through knowledge exchange, dialogues, events, and knowledge products. The project/programme leverages UNIDO and BFA Global's networks and partners to facilitate knowledge transfer among developing countries, enhancing their understanding of effective adaptation practices. By documenting and communicating lessons learned, impacts achieved, and showcasing successful locally led innovations, the project/programme contributes to the generation and sharing of an evidence base, fostering learning and collaboration in the field of climate adaptation.

### **C. Sourcing small grant proposals for climate adaptation potential**

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

114. The selected adaptation SMEs will first receive business growth and technology development support through coaching and mentoring services tailored for climate adaptation SMEs. Those that reach early growth stage, will then receive performance-based grants as well as specialized technical assistance to deploy their solution to specific vulnerable communities as well as furthering product research with users, tech, data, marketing, partnerships, and more. This targeted intervention will accelerate the maturity of climate adaptation solutions by bringing them closer to solution deployment and revenue generation, equipping them to engage with follow-on investors and support mechanisms post-ASIF support. These two types of interventions are carefully designed to enhance the competitiveness and capacity of the adaptation SMEs in anticipating and navigating the challenges in business growth and technology deployment, leading to scaling up and replication of high-impact innovations. This supports AFCIA's goal to encourage and accelerate new innovations, develop innovative adaptation practices, tools, and technologies, and generate evidence of effective, efficient adaptation practices, products, and technologies.

115. The Facility will primarily support adaptation SMEs with innovative solutions in the Technology Readiness Levels (TRLs) 3-7 and Business Model Readiness Levels (BRLs) 2-7. It will specifically focus on early-stage SMEs to address the financing gap [that they face](#) in the early stages of adaptation. While academia concentrates on TRLs 1-4 and industry focuses on SMEs in TRLs 7-9, there exists a funding and

ownership gap between TRLs 4-6 during the transition from academic research to industrial commercialization. ASIF will fill this gap by focusing on adaptation SMEs between TRLs 3-7/BRLs 2-7, allowing flexibility to consider SMEs at the edges or overlaps of TRLs 2 or 8 and BRLs 1 or 8. This approach aims to encourage innovation, risk-taking, and support for replication and scale-up of adaptation solutions, aligning with the expected results (ERs) 1 and 2 of the innovation pillar under the Mid-Term Strategy II of the Adaptation Fund.

116. Intermediary beneficiaries of ASIF are adaptation SMEs with innovative adaptation solutions with high-impact potential, and the screening process will review the potential of their innovations to enhance the climate resilience of the end beneficiaries, i.e., vulnerable communities. The most important selection criterion of the adaptation SME will be the climate adaptation impact potential of their solution, in other words, the potential of the SME's product, service or business model in reducing the vulnerability and/or exposure of its customer to key climate hazards.
117. The project/programme will employ a systematic process to source innovation small grant proposals and screen them for their potential to support concrete adaptation actions, thereby assisting participating developing countries in addressing the adverse effects of climate change and building climate resilience. Applications received will be assessed against the UNIDO "climate adaptation impact hypothesis", which includes the Environment and Social Management Framework (ESMF) and maladaptation assessment considerations, and with input from investment and finance experts. The following steps outline the approach:
118. *Call for Proposals:* A call for proposals will be launched to invite interested SMEs to submit their innovative small grant proposals – an open and competitive process. The call will be widely disseminated through various channels such as online platforms, social media, partner organizations, and networks focused on climate change and innovation. The call will specify the eligibility criteria, application requirements and exclusionary criteria, and the desired outcomes related to concrete adaptation actions and climate resilience.
119. *Eligibility Assessment:* The project/programme team will conduct an initial eligibility assessment to ensure that the submitted proposals meet the specified criteria for Ignite and Propel separately. This assessment may include verifying the proposers' legal status, ensuring

alignment with the project's thematic focus, geographic scope, and target beneficiaries, and confirming compliance with any other specific requirements mentioned in the call. Those that do not qualify against the exclusionary criteria will also not be qualified for further assessment. More specifically, eligibility requirements for the adaptation SMEs include:

- a. Is the company located in a country eligible for Adaptation Fund's support<sup>38</sup>?
  - b. Is the proposed solution likely to produce direct adaptation benefits for a vulnerable community?
  - c. Is the proposed solution innovative (in terms of technology, business model, location of operation etc.)?
  - d. Is there likely to be market demand for the proposed solution?
  - e. Does the proposed adaptation solution have replication and scale-up potential in multiple locations?
  - f. Based on the current understanding of the proposed solution and the business stage, is the company likely to benefit from the technical assistance offered by ASIF?
  - g. Does the solution contribute to gender equality and women's empowerment?
120. Some other key considerations in reviewing the solution include:
- a. Solutions must be deployed in a manner that can enable/enhance the end user's knowledge and understanding of climate-related risks or climate variability, and/or prevent, mitigate, or transfer physical climate risks and adapt to climate change
  - b. Solutions must be highly relevant to vulnerable communities at climate risk in developing countries
  - c. Companies must meet the definition of SMEs in their country of origin (typically SMEs have usually less than 10 employees and an annual turnover or balance sheet of below 2 million EUR).
  - d. Companies and solutions must contribute to gender and youth mainstreaming. Typically, UNIDO services supporting SMEs target between 30% to 40% women as solution providers or as end beneficiaries. Each adaptation SMEs that will be supported under ASIF will be expected to provide specific gender disaggregated indicators for the target beneficiary communities.
  - e. Companies led by local entrepreneurs will be given strong preference. ASIF may also give priority to SMEs led or owned by youth, women, disabled people, or those with substantial impact on

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38 <https://www.adaptation-fund.org/apply-funding/designated-authorities/>

underprivileged or marginalized local communities. This is not only for the purpose of supporting the socially underprivileged class, but also for fully harnessing all human potential we can utilize<sup>39</sup>.

- f. Cumulatively, ASIF will ensure i) geographical distribution of supported SMEs and the end beneficiaries (vulnerable communities) across the globe, ii) a diverse range of adaptation technologies and solutions for demonstration and evidence building purposes, and iii) the efficiency and effectiveness of support available through ASIF and use of AFCIA funds.
- g. Companies must be able and willing to contribute to AFCIA's learning agenda to advance the collective knowledge of the industry related to adaptation and resilience solutions.

121. *Screening and Evaluation:* Applications received will be assessed against the UNIDO "climate adaptation impact hypothesis", which includes the Environment and Social Management Framework (ESMF) considerations, and with input from investment and finance experts. The screening criteria will be designed to evaluate the potential of each proposal to support concrete adaptation actions and build climate resilience. These criteria may include factors such as innovativeness, feasibility, scalability, sustainability, relevance to local contexts, potential impact on vulnerable communities, and alignment with the project's objectives.

122. *Selection and Grant Award:* Based on the evaluation results, a shortlist of the most promising proposals will be prepared. With [Ignite and Propel](#), the project [management unit \(PMU\) team](#) will conduct deeper due diligence to ensure the feasibility and viability of the proposed adaptation [solutions to be supported, including compliance with the applicable national social, environmental and technical standards](#). The final shortlist of grant awardees will be made based on the evaluation results, due diligence findings, and available budget by the independent Ignite and Propel committee. In the case of Propel, Adaptation Fund Designated Authority's non-objection will be

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39 There is a study that suggests socially underprivileged classes would have strengths in social and environmental orientation; Hörisch, Jacob; Kollat, Jana; Brieger, Steven (2017). [What influences environmental entrepreneurship? A multilevel analysis of the determinants of entrepreneurs' environmental orientation](#) . Small Business Economics. Vol. 48. Pp. 47-69.

required<sup>40</sup> before confirming selection. The milestones to be set for each adaptation solution supported under Propel will include steps to ensure that the roll-out of the adaptation solution complies with applicable national social, environmental and technical standards. The nature of innovation is such that SMEs may bring about new innovative technologies and business models where there are no existing or known standards. Until the process of accommodating them to the standards is concluded - or adapting them - some serious social and environmental costs may occur. With a particular view to the risks of maladaptation, as implementing entity, UNIDO will ensure that all projects supported are in compliance with national social, environmental and technical standards. In any such rare cases, PMU will work with the SMEs and the AF Country Designated Authority to find joint solutions and also review any such similar standards at regional and global levels with a view to promote learning. Key to supporting such new technologies will be the need for the technology to have clear adaptation benefits in the target country of deployment.

123. *Support and Monitoring:* Once the grant agreements are in place, the project/programme team will provide ongoing support and monitoring to the selected grantees. This support may include technical assistance, capacity-building activities, mentorship, and networking opportunities to help the grantees implement their adaptation actions effectively. Regular monitoring and evaluation will be conducted to track the progress, identify challenges, and provide necessary guidance to ensure the successful implementation of the supported projects.

#### **D. Sourcing small grant proposals for economic, social and environmental benefits**

*Describe how the project / programme would screen innovation small grant proposals for their potential to provide economic, social and*

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40 Before announcement of the final results, the Designated Authority of the selected SME's country will be notified and provided with detailed grant agreements specifying the terms and conditions, reporting requirements, and timelines. In case of objection or concern, the Designated Authority will be requested to alert the ASIF team. Non response from the Designated Authority will be considered as non-objection. The milestones to be set for each adaptation solution supported under Propel may include steps to ensure that the roll-out of the adaptation solution complies with applicable national social, environmental and technical standards. With a particular view to the risks of maladaptation, as implementing entity, UNIDO will ensure that all projects supported are in compliance with national social, environmental and technical standards. In any such rare cases, PMU will work with the SMEs and the AF Country Designated Authority to find joint solutions, and also review any such similar standards at regional and global levels with a view to promote learning. Key to supporting such new technologies will be the need for the technology to have clear adaptation benefits in the target country of deployment.

*environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Fund.*

124. Applications received will be assessed against the ASIF “Climate Adaptation Impact Hypothesis”, which includes the UNIDO Environment and Social Management Framework (ESMF), the 15 principles of the Adaptation Fund’s Environmental and Social Policy, and maladaptation assessment considerations. This will ensure a comprehensive assessment of potential environmental and social impacts for each subproject and incorporate site-specific mitigation measures, as necessary. By taking a proactive approach to addressing potential E&S impacts throughout all stages of the project cycle, from planning to implementation and post-implementation, UNIDO will ensure that no risks or adverse impacts arise from subprojects. An Environmental and Social (ESS) expert will form part of the BFA Global’s ASIF team to support the SMEs in the selected cohorts to avoid any potential environmental and social risks arising from their proposed solutions and maximize environmental and social impacts and co-benefits’.
125. The screening criteria of ASIF will also prioritize **economic and financial viability** by assessing the proposed project's value proposition. The proposal must also demonstrate the innovative aspects of the project and its cost-effectiveness by comparing it to existing baselines and practices. This approach ensures that all proposals selected for funding by AFCIA are economically and financially sustainable, while also delivering significant social and environmental benefits to vulnerable communities.
126. Climate adaptation solutions to be supported under ASIF will benefit vulnerable communities and people on multiple fronts: socially, economically, and environmentally.
- a. Social Benefits:
- **Community Resilience:** Adaptation strategies often involve strengthening the resilience of communities, enhancing their ability to withstand climate-related challenges. This can include building more robust infrastructure, improving disaster response plans, and establishing early warning systems. These measures directly protect the lives and livelihoods of vulnerable populations.
  - **Health and Safety:** Climate adaptation can lead to improved public health outcomes. For instance, initiatives like heat action plans and improved water management can reduce the risks of heat-related illnesses and waterborne diseases. This is particularly important for

vulnerable populations such as the elderly, children, and those with pre-existing health conditions.

- **Equity and Social Justice:** Effective climate adaptation takes into account the needs and perspectives of all community members, including marginalized and vulnerable groups. It can lead to increased equity by addressing existing social disparities and ensuring that all individuals have access to necessary resources and support.
- b. **Economic Benefits:**
- **Livelihood Protection:** Many vulnerable communities depend on climate-sensitive sectors such as agriculture, fisheries, and forestry. Climate adaptation measures that enhance the resilience of these sectors can safeguard livelihoods and prevent economic losses due to climate-related disasters.
  - **Job Creation:** Implementing adaptation projects often requires a significant workforce, which can lead to job creation in local communities. This is particularly relevant in rural areas where alternative employment opportunities might be limited.
  - **Insurance Savings:** Climate adaptation can decrease the financial burden on vulnerable households by reducing the frequency and severity of climate-related damages. This can lead to lower insurance premiums and increased financial security.
- c. **Environmental Benefits:**
- **Ecosystem Conservation:** Many adaptation strategies involve protecting and restoring ecosystems such as wetlands, mangroves, and forests. These ecosystems provide important services, such as flood control, water purification, and habitat for biodiversity. Protecting them benefits both vulnerable communities and the environment.
  - **Carbon Sequestration:** Certain adaptation practices, such as afforestation and reforestation, contribute to carbon sequestration, helping mitigate climate change by removing carbon dioxide from the atmosphere.
  - **Sustainable Resource Management:** Adaptation solutions often encourage more sustainable resource management practices, such as efficient water use, soil conservation, and responsible land use planning. These practices ensure the availability of essential resources for vulnerable communities over the long te

127. ASIF's approach to gender equality and women's empowerment will be in line with UNIDO's Policy on Gender Equality, the UNIDO Strategy for Gender Equality and the Empowerment of Women 2020-2023, and



the Adaptation Fund's Gender Policy and Action Plan. The significance of gender equality and women's empowerment is crucial to UNIDO's mandate as it promotes inclusive and sustainable industrialization, directly contributing to SDG 9 on industry, innovation, and infrastructure, and SDG 5 on gender equality. Since many women are engaged in SMEs, the project design and implementation will give special attention to equal participation of women and men, gender-sensitive recruitment, gender-responsive TORs, gender-awareness training, gender dimensions in decision-making processes, gender-disaggregated indicators, and involvement of stakeholders attentive of gender equality and women's empowerment issues. The small grant proposal will also adhere to the Adaptation Fund's Gender policy, ensuring equal opportunities for women and men to build resilience and address their differentiated vulnerabilities to climate change impacts. Gender equality has been embedded in the project design, consultation, implementation, monitoring, reporting, and evaluation.

128. Where possible, applications serving other vulnerable groupings including indigenous people, disabled community members or others, will be reviewed favorably. This project will take efforts to develop understanding the needs of those who need assistive tech in their own local context and help them be financially self-sufficient through their assistive tech solution in order to build resilience of all forms. ASIF will also support business model innovation to make it affordable for those who need assistive tech through the Ignite and Propel cohorts while increasing awareness that people with disabilities will be the worst hit by any tragedy, climate change included.

### **E. Cost-effectiveness**

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

129. The proposed project/programme, with two key components Ignite and Propel, aims to support climate adaptation and resilience solutions developed by small and medium-sized enterprises (SMEs). The cost-effectiveness of the project can be analyzed by examining its approach, activities, and expected outcomes.
130. One key aspect of cost-effectiveness is the targeted selection process for SMEs. Ignite plans to support 1112 SMEs over four years and Propel plans to support 32 SMEs over four years, with a focus on diversity in terms of geography and adaptation technology. By reaching a diverse range of SMEs, the project ensures that a wide

range of solutions and perspectives are included, increasing the likelihood of finding cost-effective and innovative approaches to climate adaptation. Additionally, the project aims for at least 35% women-led [SMEs](#), 40% with women in leadership team and 25% of [SMEs](#) offer products/services that target women, promoting gender equality and inclusivity. Furthermore, the project recognizes the importance of avoiding a "one-size-fits-all" approach, ensuring that solutions are tailored to the specific needs and contexts of each SME. The selection process considers the unique characteristics and challenges faced by different enterprises, promoting an inclusive and adaptable approach to climate adaptation and resilience. By considering factors such as geographical location, technological focus, and diverse leadership, the project aims to foster a diverse ecosystem of solutions that can effectively address the varying needs of SMEs and their respective communities. This customized approach enhances the program's cost-effectiveness by aligning support with the specific requirements of each SME, maximizing their potential for success and impact

131. The project's regional or multi-regional approach further supports cost-effectiveness. By conducting global calls for applications and leveraging partnerships with organizations operating in different markets and regions, the project can attract a diverse pool of applicants. This global reach increases the chances of identifying the most promising and cost-effective solutions from around the world. It also allows for knowledge sharing and cross-learning between SMEs from different regions, enabling the replication and adaptation of successful strategies.
132. The activities under Ignite focus on providing technical support, mentoring, and tailored coaching to selected SMEs. By offering a combination of group workshops, specialist office hours, and personalized coaching, the project ensures that SMEs receive the necessary guidance and skills training to refine their solutions and business models. This targeted support increases the efficiency and cost-effectiveness of SMEs' development process, reducing the time and resources needed to reach market readiness. Moreover, the integration of AI tools and video-based curriculum development enhances the learning process and training accessibility. AI tools enable entrepreneurs to validate market potential and customer demand, allowing them to make informed decisions and iterate their solutions more efficiently. The video-based lessons provide on-

demand learning opportunities, reaching a larger number of SMEs and reducing the need for expensive in-person training sessions.

133. Under Propel, selected SMEs at later stages of development receive performance-based grant financing and bespoke venture-building support. This approach ensures that resources are allocated based on the potential impact and viability of the solutions. By incorporating sustainability strategies and encouraging partnerships with local organizations, the project enhances the adaptation benefits for vulnerable communities, making the investments more cost-effective in addressing their specific needs.
134. The project's analysis and insights for continuous improvement, along with transparent and accountable selection criteria, contribute to cost-effectiveness. By storing and analyzing the applications in a database, the project can identify trends, gaps, and areas requiring further encouragement. This information helps refine the selection process and allocate resources more efficiently, maximizing the impact and cost-effectiveness of the project.

#### Projection of ASIF's Impact

135. ASIF will aim to bring climate adaptation benefits to at least 69,729 direct beneficiaries in vulnerable communities<sup>41</sup> through the grant disbursement of USD 5.63 million under Propel. The Adaptation Fund has reached 5.4 million direct beneficiaries between 2007 and 2017, with a disbursement of USD 436 million<sup>42</sup>, equating to the cost efficiency factor of approximately USD 80 per beneficiary during this time. To meet the cost effectiveness of AF investment through the ASIF, Propel will target to achieve minimum cost efficiency of USD 80 per direct beneficiary, or less<sup>43</sup>. This translates into 1,750 direct beneficiaries supported by each adaptation SME receiving support from Propel. It is worth noting that this is a conservative and indicative projection, referencing AF's historical performance. The technical assistance provided to the adaptation SMEs are designed to achieve higher cost efficiency of AF investments, and therefore the actual results achieved, including the number of direct beneficiaries is expected to be much higher. While difficult to present an accurate

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41 At least 50% women

42 <https://www.adaptation-fund.org/af-10-years/>

43 Adaptation SMEs receiving grant financing under Propel will be requested to show that their deployment of the adaptation solution will reach at least 1750 end-users in a vulnerable community

figure at this point of the proposal, the number of indirect beneficiaries in vulnerable communities will also increase exponentially with the crowding-in of private capital. The target of 69,729 direct beneficiaries in vulnerable communities will be considered as part of the screening process through the Climate Impact Hypothesis<sup>44</sup>.

136. Through Ignite and Propel, a total of 112 adaptation SMEs will receive support. If 20 of Propel supported SMEs grow into medium-sized companies with 150 employees<sup>45</sup> in 10 years, 3000 jobs are expected. Out of the remaining 92 companies, being aware that some companies will fail along the way and with a conservative estimate assuming that only 40 grow into small sized companies with 30 employees<sup>46</sup>, the additional 1,200 additional jobs are expected. In total the 10 mil USD investment through ASIF is expected to result in 4,200 jobs (calculated through a conservative approach). When considering all the peripheral effects derived from direct support, the economic impact of ASIF will be likely to be significant, with tangible benefits to vulnerable communities.

#### **F. Consistency with national strategies and priorities**

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

137. The program's consistency with national or sub-national sustainable development strategies, adaptation planning processes, national or sub-national development plans, poverty reduction strategies, and other relevant instruments is crucial in ensuring its success and effectiveness. Therefore, alignment with these strategies and plans will form part of the selection criteria for the program. The proposal template will require project proponents to describe how their ideas are aligned with the global, national and sub-national sustainable

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44 Please see questions C6 and C7 of the ASIF Climate Adaptation Impact Hypothesis for Ignite and Propel.

45 This is the median value of the workforce size in the definition of a medium size company.

46 This is the median value of the workforce size in the definition of a small size company.

development strategies/plans, poverty reduction strategies, national communications, or other relevant instruments.

138. In this initiative (applicable to both Ignite and Propel), initial due diligence involves a careful review of data provided (through the application form and potential interviews where relevant), verification of claims, and assessment of the potential of the adaptation solution including their environmental and social sustainability. This process can take 1-2 weeks.
139. Deeper due diligence includes a more thorough assessment of the applicant's business, adaptation solution, and potential impact. This phase may include a review of the applicant's financial statements, business plans, and relevant documentation. This will help evaluate the financial viability and growth potential of the SME, as well as their track record of revenue generation and funding raised to date. The ASIF team will also assess the SME's current and planned expansion locations, considering their relevance to climate vulnerabilities and adaptation needs. This process may take 3-4 weeks, and is only applicable for Propel candidates.
140. Additionally, the proposal will need to demonstrate its alignment with the Paris Agreement and National Determined Contribution (NDC) to ensure its compliance with global climate goals. Beyond the initial due diligence and deeper due diligence process, [once the SMEs](#) are onboarded into the Ignite and Propel program, corresponding [country's AF Designated Authority will](#) be invited to engage with the SMEs to learn about their solutions and discuss alignment with the national or sub-national adaptation and development strategies. UNIDO-identified [country officials and the AF Designated Authority will](#) also be invited to remain in touch with the SMEs of their choice to remain connected in the SME's growth journey. This intentional involvement will help build the capacity over time as well while becoming more attractive to draw in private sector expertise and other relevant ecosystem actors not only for the SMEs but also for the ASIF program on the whole. Apart from the due diligence process, as a part of the technical assistance provided to Ignite and Propel, the capacity of the SMEs will be built to attract all ecosystem actors.
- [141. BFA Global will collaborate closely with Designated Authorities, with additional support from UNIDO. Together, they will harness a wide range of innovative and creative partnerships, both existing and new, at local, regional, national, and global levels. This collaboration aims](#)

to facilitate meaningful consultation, engagement, and participatory processes with essential stakeholders, including vulnerable communities. The goal is to ensure that the project not only makes sense but also achieves a substantial impact and reaches a broad scale.

~~141.~~142. Overall, this alignment with various strategies and plans will ensure that the proposal is well-integrated into the country's development and adaptation plans, and that it effectively contributes to achieving the SDGs and global climate goals. It will also provide a framework for monitoring and evaluating the program's impact and progress towards achieving these goals.

### **G. Screening small grant proposals in compliance with environmental and social policy**

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

~~142.~~143. The project/programme prioritizes the screening of innovative small grant proposals to ensure their compliance with relevant national and international standards, while also aligning with the Environmental and Social Policy of the Fund. This screening process occurs during the assessment of the UNIDO Climate Adaptation Impact Hypothesis for both Ignite and Propel components. Each grant proposal will be thoroughly evaluated to determine its adherence to the required technical standards, considering environmental and social considerations.

~~143.~~144. The grant proposal itself will provide a detailed description of the results obtained from assessing the proposal's compliance with the applicable standards. It is essential for grantees to demonstrate their commitment to meeting these standards throughout the project implementation phase. They will be required to report regularly on their compliance status, providing necessary certificates or evidence as proof. With a particular view to the risks of maladaptation, as implementing entity, UNIDO will ensure that all projects supported are in compliance with national social, environmental and technical standards. In any such rare cases, PMU will work with the SMEs and the AF Country Designated Authority to find joint solutions. and also review any such similar standards at regional and global levels with a

[view to promote learning. Key to supporting such new technologies will be the need for the technology to have clear adaptation benefits in the target country of deployment.](#)

**144:145.** To support the grantees in navigating potential environmental and social risks associated with their proposed solutions, an Environmental and Social (ESS) expert will be an integral part of the ASIF team. This expert will provide guidance and assistance to SMEs within the selected cohorts, helping them mitigate risks and maximize environmental and social impacts and co-benefits.

**145:146.** The compliance verification process will be conducted by UNIDO through the project's monitoring and evaluation (M&E) framework. This ensures that the project's activities and outputs align with the established standards and meet the objectives set forth in the Environmental and Social Policy.

**146:147.** Furthermore, the project/programme emphasizes the importance of aligning with national or sub-national sustainable development strategies, adaptation planning processes, national or sub-national development plans, poverty reduction strategies, and other relevant instruments. These considerations are incorporated into the selection criteria (Climate Adaptation Impact Hypothesis<sup>47</sup>), and the proposal template requires project proponents to outline how their ideas align with global, national, and sub-national sustainable development strategies/plans, poverty reduction strategies, national communications, and other relevant instruments. Additionally, proposals must demonstrate their alignment with the Paris Agreement and National Determined Contributions (NDCs) to ensure consistency with global climate goals.

**147:148.** Before announcing the selection results of the SMEs to benefit from Propel, the relevant Designated Authorities (DAs)<sup>48</sup> will be notified of the selection results and requested to alert the ASIF team

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47 In the climate adaptation impact hypothesis, questions C15 and C16 for Ignite, and C13 and 14 for Propel address alignment with national technical standards and with national policies and strategies. SMEs, especially those applying for support through Ignite are not expected to already possess a full understanding of these dimensions. Therefore, during the call for application phase, awareness raising campaigns will be conducted, which will include webinars and online help centers to assist applicants in completing the application form and the climate adaptation impact hypothesis as described in paragraph 54.

48 <https://www.adaptation-fund.org/apply-funding/designated-authorities/>



in case of objection.<sup>49</sup> Non response from the Designated Authority [within a specified period](#) will be considered as non-objection. This approach builds on UNIDO's experience with [GEF](#) project (210238 Fintech for climate resilience).

~~148-149.~~ By rigorously screening grant proposals and promoting compliance with relevant standards and policies, the project/programme aims to foster sustainability, accountability, and impactful outcomes in climate adaptation and resilience initiatives.

## H. Duplication

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

~~149-150.~~ This project is not in duplication with any other project or programme with other Funding sources and will be complementary by nature.

~~150-151.~~ During the project planning stages, comprehensive research and analysis has been carried out to identify similar projects or programmes that address climate adaptation and resilience solutions. as highlighted in Annex 1 and 2. According to a quick review of relevant initiatives highlighted in Annex 1, majority of these initiatives often focus on relatively mature SMEs, leaving out SMEs at earlier stages across the broader adaptation sectors (primarily [focusing](#) on agriculture) . This leaves many SMEs without systematic support in progressing their innovative solutions towards prototyping and deployment. Also, this initiative will leverage from the synergies from initiatives mentioned in Annex 1 and 2 in terms of tools, techniques, resources, skills and creativity needed to support early-stage climate adaptation innovation across the entire ecosystem. By doing so, innovative win-win partnerships can be created intentionally, and a collaborative spirit of community will be built and nourished. While ASIF is innovative in its Ignite, Propel, design thinking and leadership style as well as the component 3, ASIF will share its learnings with the wider ecosystem and ensure [standardization](#) wherever possible. During project implementation, ASIF team will take proactive measures to collaborate and coordinate with these existing funding

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49 Please see paragraph 122 and footnote 40.



sources. This may involve sharing information, aligning strategies, and leveraging resources.

~~151.~~152. Additionally, ASIF will promote transparency and information sharing among stakeholders to keep them informed about ongoing and planned initiatives. This helps to identify potential duplication early on and allows for coordination and strategic alignment among funding sources.

~~152.~~153. By actively assessing and addressing potential duplication, the project/programme aims to optimize the use of resources and ensure that its activities fill gaps, leverage existing efforts, and create synergy with other funding sources. This collaborative approach enhances the overall effectiveness and impact of climate adaptation and resilience initiatives.

~~153.~~154. In addition, ASIF will focus on a global open innovation approach, and will provide comprehensive support (technical, financial, and business assistance) for piloting and scaling-up of climate adaptation solutions from selected SMEs especially in developing countries including LDCs. Although WFP also supports the private sector (climate entrepreneurs and ventures), they adopt a demand driven approach with priority on specific regions and focus themes during particular cycles. UNEP targets supporting interventions testing and piloting 50 adaptation technologies and the grant beneficiaries are way broader than the SMEs.

~~154.~~155. Within the scope of AFCIA, it is expected that duplication will be through joint coordination with the other AFCIA implementing entities.

## **I. Learning and knowledge management system**

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

*The learning and sharing knowledge management mechanism developed should be useful, accessible, sustainable, and, to the extent possible, minimize inefficiencies and duplication. The AFCIA MIEs and RIEs are expected to coordinate closely to help bring about the optimal solution that would best serve the eligible recipient countries' innovation-for-adaptation*

*knowledge needs, including knowledge already generated under AFCIA so far.*

~~155-156.~~ To capture and disseminate evidence of effective and efficient adaptation practices, products, or technologies generated by the program, a robust learning and knowledge management system will be established. This system aims to provide a useful, accessible, and sustainable platform for sharing knowledge and minimizing inefficiencies and duplication. The AFCIA MIEs (Multi-Implementing Entities) and RIEs (Regional Implementing Entities) will closely coordinate to develop an optimal solution that meets the eligible recipient countries' innovation-for-adaptation knowledge needs. The learning and knowledge management system will employ several strategies to capture and disseminate evidence:

- Documentation and Analysis: The program will systematically document the implementation process, results, and lessons learned from various activities, including research, measurement, technical assistance, and [SME](#) sourcing and acceleration programs. This documentation will involve rigorous data collection, analysis, and evaluation to identify effective adaptation practices, products, or technologies. The findings will be compiled into comprehensive reports and knowledge products. At the end of each Ignite and Propel cohort, the team will gather the lessons learned from supporting the SMEs, the challenges different business models face, and the successes of the [SMEs](#) and their impact on users, via a robust learning agenda process.
- Knowledge Products: The program will prepare knowledge products such as reports, guidelines, case studies, and toolkits. These products will present evidence-based insights, success stories, and best practices derived from the program's activities. They will be designed to be gender-responsive, environmentally and socially sustainable, and tailored to the needs of different stakeholders, including investors, entrepreneurs, policymakers, and ecosystem support organizations.
- Dissemination Channels: The program will leverage various dissemination channels to reach a wide audience. This includes the program's website, social media platforms, online communities, and partnerships with relevant organizations and networks. By utilizing multiple channels, the program aims to maximize the accessibility and visibility of the knowledge products, ensuring they reach the intended audience.
- Global and Regional Events: The program will participate in global conferences, such as the Conference of the Parties (COP), to

promote and disseminate its learnings on climate adaptation and resilience innovation. This engagement will enable the program to showcase its achievements, share experiences, and contribute to global discussions on climate adaptation. It will also provide an opportunity to connect with stakeholders, form partnerships, and learn from other successful initiatives.

→ Collaboration and Networking: The program will actively engage with other organizations, initiatives, and networks working in the climate adaptation field. This collaboration will facilitate knowledge exchange, foster synergies, and enhance the potential for scaling up effective practices. By connecting with a broader ecosystem of stakeholders, the program can leverage existing expertise and resources while contributing its own insights and experiences.

~~156.~~157. Overall, the Strengthening the ecosystem of knowledge, funding, and talent for early-stage climate adaptation & resilience SMEs in emerging markets system developed in Component 3 will be designed to capture, analyze, and disseminate evidence of effective adaptation practices, products, or technologies. Since this program adopts a learning agenda approach, it will be innovative by nature and test appropriate, affordable, inclusive and creative solutions. The ones that work and those that don't work will be equally acknowledged and learnt from. By sharing knowledge and lessons learned, the program aims to facilitate the scaling up of successful approaches and contribute to the broader advancement of climate adaptation effort.

~~157.~~158. Knowledge management activities including gathering insights and learning from the work with SMEs will largely be done remotely via online sessions with the executing entities. Knowledge products will be published online, enabling communities and stakeholders from around the world to view and learn from the material. Creative and innovative partnerships in the arts and entertainment field will also be explored to strengthen value of storytelling, apply innovative technologies, tools and skills to focus on impact as well as value created as a result of the climate adaptation product/service for the relevant vulnerable communities in respective target markets.

~~158.~~159. In addition, learning convenings will also have an online component to allow stakeholders from different countries to participate. This avoids extraneous travel and accommodation expenses and reduces the project's emissions. As a global program spanning multiple countries, the most cost-effective way for knowledge gathering and dissemination is by leveraging online methods of

communication and stakeholder engagement. However, the implementation team has experience building engaging cross-regional programs that are engaging and enable cross-learning in authentic, creative and useful ways, taking into account the local idiosyncrasies. Cross-learning across regions is most useful as climate solutions are emerging everywhere in the world, facing similar challenges, and many can be replicated/translated across markets.

## **J. Consultative processes**

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

~~159~~.160. The Ignite and Propel acceleration process will help the SMEs to align with National and regional priorities by close involvement with Country Designated Authorities as well as prioritization of the inclusion of vulnerable groups, such as women, children, and the elderly, who are often marginalized and excluded from decision-making processes. This will be achieved by using inclusive and accessible communication methods, such as holding community meetings, focus group discussions, and conducting surveys in local languages. To ensure the sustainability of the adaptation solution, the business plan will incorporate a sustainability strategy for the local community, which will be identified as the target market. The sustainability strategy will focus on creating long-term benefits for the local community, such as job creation, income generation, and capacity building.

~~160~~.161. Beyond the initial due diligence and deeper due diligence process, once the SMEs are onboarded into the Ignite and Propel program, corresponding [country's AF Designated Authority](#) will be invited to engage with the SMEs to learn about their solutions and discuss alignment with the national or sub-national adaptation and development strategies. UNIDO-identified [country representatives and AF Designated Authority](#) will be invited to remain in touch with the SMEs of their choice to remain connected in the SME's growth journey. This intentional involvement will help build the capacity over time as well while becoming more attractive to draw in private sector expertise and other relevant ecosystem actors not only for the SMEs but also for the ASIF program on the whole.

~~161.162.~~ BFA Global will be responsible for liaising with the Designated Authorities, along with UNIDO support. Both these entities will also leverage innovative, creative, existing and new partnerships at local, regional, national and global levels to ensure consultation, engagement and participatory processes with key stakeholders including vulnerable communities for the project to make sense and reach impact and scale.

~~162.163.~~ ASIF also ensures adequate and innovative engagement and promotion of women among entrepreneurs in the SME sector as well as Gender mainstreaming of the initiative including UNIDO and BFA Global ASIF teams as documented in the Gender Assessment and draft Gender Action Plan (GAP).

~~163.164.~~ To further enhance the sustainable benefits for the local community, specific partnerships with Civil Society Organizations (CSOs) and other local organizations will be encouraged and adequate support will be provided. This will help to build trust and credibility within the community, while also providing opportunities for local ownership and participation in the project.

#### **K. Multiple perspectives on innovation**

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

~~164.165.~~ The project/programme recognizes the importance of drawing on multiple perspectives on innovation to address the challenges posed by climate change and to ensure its relevance and effectiveness in the context in which it will take place. It actively engages with various stakeholders, including communities that are vulnerable to climate change, research organizations, and other partners in the innovation space, to incorporate diverse viewpoints and foster a collaborative approach. The project/programme achieves this by:

- **Community Engagement:** The project/programme places a strong emphasis on engaging with communities that are vulnerable to climate change especially through the relevant venture building support offered to the SMEs via Ignite and Propel. It seeks their active participation in the identification of challenges, the co-creation of solutions, and the implementation of adaptation measures. By involving community members, particularly those

most affected by climate change impacts, the project/programme ensures that their perspectives, needs, and priorities are considered in the innovation process.

- **Participatory Approaches:** The project/programme adopts participatory approaches that promote inclusivity and empower communities to actively contribute to the innovation process. It encourages community-led initiatives, local knowledge, and traditional practices that have proven effective in adapting to climate change. Through participatory workshops, focus group discussions, and consultations, the project/programme creates spaces for dialogue and co-learning, enabling communities to share their experiences, insights, and innovative ideas through Ignite, Propel as well as Component 3 relating to Knowledge Management.
- **Innovation Partnerships:** The project/programme actively seeks partnerships with organizations and actors in the innovation space. This includes [SMEs](#), entrepreneurs, technology developers, incubators, accelerators, and other relevant stakeholders. By engaging these partners, the project/programme can tap into their expertise, innovative ideas, and technological advancements. It creates platforms for collaboration, knowledge exchange, and co-development of scalable and context-specific adaptation solutions.
- **Stakeholder Workshops and Consultations:** The project/programme conducts stakeholder workshops and consultations to gather insights and perspectives from a wide range of actors. This may include policymakers, practitioners, investors, civil society organizations, international agencies, and funding institutions. These consultations provide opportunities for meaningful engagement, discussion, and co-design of innovative approaches. By involving diverse stakeholders, the project/programme benefits from their diverse perspectives, experiences, and resources.

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#### **L. Justification for funding requested**

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

*Neither the programme, nor the individual small grant projects will be required to provide co-financing, in line with the Fund's mandate to finance the full cost of adaptation. However, co-financing would be considered a positive addition to the initiative, including top-ups of the programme.*

165-166. The global climate finance landscape primarily emphasizes reducing greenhouse gas emissions to mitigate future temperature

rise, while comparatively less attention and funding are directed towards climate risk reduction and adaptation. At the same time, the U.N. estimates that adaptation in developing economies will cost between USD 155 and USD 330 billion annually by 2030<sup>50</sup>. However, total adaptation finance globally reached just USD 46 billion in 2019/2020, an increase from prior years but still far short of what is needed, whereas \$436 billion per year is dedicated to climate change mitigation.

~~166-167.~~ 167. Adaptation poses a complex challenge as there is no universal metric like greenhouse gas emissions to measure its effectiveness. The absence of a one-size-fits-all solution partly explains why adaptation receives less funding and recognition, particularly in the realm of innovative adaptation approaches. However, the inherent nature of non-standard adaptation solutions presents significant opportunities. Entrepreneurship in various forms, including non-profit, social, for-profit, and partnership models, offers a promising avenue to discover multi-functional solutions for adaptation challenges.

~~167-168.~~ 168. In the realm of private sector finance, the availability of funding in the small and medium enterprise (SME) market space is limited, with only private equity and venture capital funds actively engaged. This constraint is particularly evident in developing countries. Consequently, entrepreneurs in these nations face high costs of debt and equity, causing many to opt against equity funding to retain ownership of their companies. Innovative non-profit organizations and social enterprises face further limitations in acquiring equity or debt finance, impeding their growth and expansion. Recognizing climate change adaptation innovation as a new pathway to address climate challenges, a few governments and vertical funds have identified its potential. Public funding has been proven crucial in incubating and accelerating innovation, particularly during the pre-seed stage when entrepreneurs have limited or no revenue potential. Hence, the objectives of the ASIF project align with the Adaptation Fund's Expected Results under the Innovation Pillar (i.e. (i) New innovations and risk-taking <sup>51</sup> encouraged and accelerated; (ii) Successful innovations replicated and scaled up; (iii) Access and capacities enhanced for designing and implementing innovation and; (iv)

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<sup>50</sup> [Adaptation Gap Report 2022 | UNEP - UN Environment Programme](https://www.unep.org/resources/adaptation-gap-report-2022)  
<https://www.unep.org/resources/adaptation-gap-report-2022>

<sup>51</sup> For some clarifications on the concept of risk, please see [INNOVATION PROJECT DESIGN ELEMENTS AND FURTHER CLARIFICATION ON THE CONCEPT OF RISK](#).



Evidence base generated and shared). These expected results serve as essential building blocks in the global effort to address climate change adaptation, filling the existing void of pre-seed adaptation innovation funding.

### Additionality

~~168-169.~~ ASIF aims to foster the development and dissemination of innovative adaptation practices, tools, and technologies that enhance the climate resilience of targeted beneficiaries beyond the baseline or business-as-usual scenario. The program intends to award small grants to promote innovative adaptation practices, business models, and technologies, as well as 40 small-to-medium-sized grants to accelerate the adoption of innovative practices with scaling potential. To amplify the impact, technical assistance will be provided to grant recipients through the UNIDO network and partner organizations. BFA Global will also facilitate a pathway for grantees to scale their initiatives, either through public funding projects or by leveraging potential private funding channels facilitated by UNIDO and its partners. In collaboration with AFCIA MIEs, existing networks can be leveraged and lessons learned and best practices through an open platform. Sharing these best practices can enable individuals and organizations across different regions to prioritize their adaptation options based on need and capacity. The outcomes of ASIF will contribute to the landscape of innovation in climate change adaptation, with a specific focus on supporting seed and early-stage social enterprises. Additionally, the program aims to share experiences and evidence of successful adaptation innovations with global communities, fostering collaboration and knowledge exchange in the field of climate change adaptation.

### **M. Sustainability**

*Describe how the sustainability of the programme outcomes has been taken into account when designing the programme, including in the screening of the innovation small grants projects. Describe the pathways to scale up successful small grant's projects.*

*The programme should include, in its design, pathways for scaling up, i.e., the process by which successful or promising innovations will be directed towards replication and/or scaling up, including for Adaptation Fund's financing window Large Innovation Projects/Programmes for the exceptionally promising small grants.*

~~169-170.~~ When designing the programme and screening the innovation small grants projects, sustainability of the program outcomes is



considered to ensure long-term effectiveness. Here's how the sustainability aspect is addressed:

- a. *Selection Criteria*: The screening process for innovation small grants projects (UNIDO Climate Adaptation Impact Hypothesis) includes criteria that assess the potential for sustainability. Projects demonstrating a clear plan for long-term impact and viability are given preference during the selection process. This ensures that the projects selected have a higher likelihood of sustaining their outcomes beyond the grant period.
- b. *Sustainable Development Goals (SDGs)*: The program design aligns with the SDGs, which are a global framework for sustainable development. The selected projects are evaluated based on their contribution to the SDGs and their potential to address long-term environmental, social, and economic challenges. This emphasis on sustainable development helps ensure that the program outcomes are aligned with global sustainability objectives.
- c. *Capacity Building*: The program incorporates capacity building activities within the small grant's projects. This includes providing training and support to project teams to enhance their skills in areas such as project management, resource mobilization, and long-term planning. By building the capacity of project implementers, the program increases the likelihood of sustainable project outcomes and the ability to scale up successful projects.
- d. *Knowledge Sharing and Collaboration*: The program promotes knowledge sharing and collaboration among project beneficiaries. It encourages the exchange of experiences, best practices, and lessons learned among project teams, facilitating the adoption of sustainable approaches. By fostering a collaborative environment, the program enhances the prospects of sustaining project outcomes and scaling up successful initiatives.

470:171. Pathways to scale up successful small grants' projects:

- a. *Monitoring and Evaluation*: The program establishes robust monitoring and evaluation mechanisms to track the progress and impact of small grants projects. Through regular assessments, successful projects are identified, and their scalability potential is evaluated. Projects demonstrating exceptional promise and potential for wider impact are considered for scaling up.
- b. *Technical Assistance*: Projects selected for scaling up receive additional technical assistance and support. This may include access to specialized expertise, mentoring, and guidance in areas such as project expansion, replication strategies, and resource

mobilization. The program aims to strengthen the capacity of successful projects to navigate the scaling-up process effectively.

~~171.~~172. **Strategic Partnerships:** The program leverages strategic partnerships with relevant stakeholders, including government agencies, international organizations, and private sector entities. These partnerships facilitate the mobilization of additional resources, expertise, and networks needed to scale up successful small grant's projects. Collaborative efforts help expand the reach and impact of these initiatives.

~~172.~~173. **Exit Strategy:** ASIF is designed with a comprehensive approach to ensure the sustainability, ownership, capacity, and ability of early-stage adaptation and resilience initiatives even after the program ends.

- a. **Capacity Building and Empowerment:** The program's focus on capacity building is essential for fostering sustained ownership and the ability to continue similar initiatives beyond the program's lifespan. By providing training and support to project teams in project management, resource mobilization, and long-term planning, ASIF ensures that the skills and knowledge required for effective implementation are transferred to the beneficiaries. This empowerment equips project implementers with the tools needed to manage and scale up projects independently.
- b. **Alignment with Sustainable Development Goals (SDGs):** ASIF's alignment with the SDGs indicates a commitment to long-term sustainable development. The program's emphasis on projects that contribute to environmental, social, and economic challenges ensures that the outcomes are geared towards addressing broader societal needs. By continuing to focus on these global goals, the ecosystem created by the program is more likely to persist and remain relevant beyond its duration.
- c. **Collaboration and Knowledge Sharing:** The program's emphasis on knowledge sharing and collaboration creates a network of stakeholders who have learned from each other's experiences. This network can continue to exchange ideas, best practices, and lessons learned, even after the program ends. This collaborative environment fosters a sense of community ownership and shared responsibility for the sustained success of the initiatives.
- d. **Strategic Partnerships:** The establishment of strategic partnerships with various stakeholders, including government agencies, international organizations, and private sector entities, plays a crucial role in securing sustained ownership and capacity.

These partnerships provide access to resources, expertise, and networks that can support the ongoing implementation of projects and their scalability. The involvement of such stakeholders indicates a broader commitment to the success of the initiatives, increasing the likelihood of continued support post-program.

- e. **Monitoring, Evaluation, and Scaling Up:** ASIF's rigorous monitoring and evaluation mechanisms identify projects that show exceptional promise and potential for wider impact. By considering these projects for scaling up, the program ensures that successful initiatives continue to expand their reach even after the program's end. This approach allows high-potential projects to continue their growth trajectory and contribute to long-term adaptation and resilience.

173-174. Under the ASIF program, UNIDO recognizes the critical importance of capacity building and policy harmonization at the national level to create an enabling environment for climate adaptation and SME (Small and Medium-sized Enterprises) development. UNIDO envisions several key aspects in this regard:

- a. **Capacity Building for National Institutions:** UNIDO recognizes the need to enhance the capacity of national institutions responsible for climate adaptation and SME development. This involves providing training and support to these institutions to strengthen their understanding of climate-related challenges, innovative solutions, and effective approaches for SME support. By building the capacity of these institutions, the overall ecosystem for climate adaptation and SME growth can be strengthened.
- b. **Policy Alignment and Integration:** UNIDO emphasizes the importance of harmonizing policies related to climate adaptation and SME development at the national level. This includes aligning regulatory frameworks, incentives, and strategies to create a coherent approach that supports SMEs in contributing to climate resilience. The integration of climate adaptation goals into national development strategies is vital to ensure a comprehensive and sustainable approach.
- c. **Stakeholder Engagement and Collaboration:** UNIDO highlights the significance of engaging national policy makers, government officials, and regulatory bodies in the ASIF program. By inviting these officials to interact directly with supported SMEs, learning about their innovative solutions, and discussing alignment with national strategies, a strong partnership can be fostered. This engagement creates a platform for mutual learning and influence,

where policy makers are informed by real-world solutions and SMEs benefit from supportive policy environments.

- d. **Innovative Learning Agenda:** The ASIF program incorporates an innovative learning agenda that operates at various levels – multiregional/regional, national, local, and global. This approach ensures that lessons learned and best practices are shared widely among different stakeholders, fostering a culture of learning and adaptation. This continuous learning process contributes to the refinement of policies and strategies to better support climate adaptation and SME development.
- e. **Designated Authorities:** The involvement of Adaptation Fund [Designated Authorities](#) adds a level of accountability and coordination. These authorities are responsible for receiving the results of supported SMEs, suggesting that they play a role in understanding the outcomes and impact of the program. This engagement [will](#) contribute to informed decision-making and potentially influence policy directions.

~~174.~~[175.](#) UNIDO recognizes that capacity building, policy harmonization, stakeholder engagement, and a commitment to learning are all crucial components to build an enabling environment for climate adaptation and SME development under the ASIF program. By focusing on these aspects, the program aims to create sustainable impacts that extend beyond its duration and contribute to national and global efforts towards climate resilience and economic growth.

## N. Risks

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

~~175.~~[176.](#) At the time of assessing a short- list of micro-grants, UNIDO safeguard and AF safeguard policy will be applied to ensure full compliance with AF policy. This starts with the preparation of the UNIDO Climate Adaptation Impact Hypothesis with and for clearance of the UNIDO Safeguards Advisor to determine appropriate risk mitigation measures.

<p><b>Checklist of environmental and social principles</b></p>	<p><b>No further assessment required for compliance</b></p>	<p><b>Potential impacts and risks – further assessment and management required for compliance</b></p>
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<i>Compliance with the Law</i>	As part of the screening criteria for small grant proposals, a risk assessment will be mandatory. If deemed necessary, the Executing Entity will request additional assessments and corresponding risk management and monitoring plans from the applicants after communication with them.
<i>Access and Equity</i>	
<i>Marginalized and Vulnerable Groups</i>	
<i>Human Rights</i>	
<i>Gender Equity and Women's Empowerment</i>	
<i>Core Labour Rights</i>	
<i>Indigenous Peoples</i>	
<i>Involuntary Resettlement</i>	
<i>Protection of Natural Habitats</i>	
<i>Conservation of Biological Diversity</i>	
<i>Climate Change</i>	
<i>Pollution Prevention and Resource Efficiency</i>	
<i>Public Health</i>	
<i>Physical and Cultural Heritage</i>	
<i>Lands and Soil Conservation</i>	

177. To address grievances, ASIF's Project Management Unit (PMU) will maintain a document to record and address grievances. The PMU will be responsible for ensuring that all grievances are addressed and will aim to have them resolved in the shortest time possible. Every grievance received will be assigned to a dedicated team member, who will screen and assess the complaint before the PMU decides how to resolve it. Periodically, the PMU will review the grievance log and perform a retrospective meeting with select ASIF team members to ensure that the grievance management process can be updated to improve any gaps identified. The project will offer three channels to process grievances and stakeholders will be able to choose the channel based on their personal and cultural preferences:

(i) Stakeholders directly engaged in ASIF activities (e.g. selected SMEs, investors, funders, and other ecosystem enablers) will have direct connections with the ASIF team and can raise any grievance directly with the team member they engage. The ASIF team member receiving the grievance will alert the Project Management Unit to record the details and help identify the appropriate approach to address the issues. Through this channel, the team member receiving the grievance will be the main point of contact to explain and coordinate next steps with the grievant. The PMU will support the team member to ensure that the grievance is addressed swiftly.

(ii) Stakeholders directly engaging in ASIF activities may also request to talk to the PMU directly to raise their grievance. The PMU will note the issue

and coordinate appropriate next steps with the team. In this case, the PMU will be the stakeholders' main point of contact and will communicate next steps.

(iii) Should stakeholders prefer to raise a grievance through a written channel, or if any indirectly affected stakeholders have a grievance, they can submit the matter via email at info@bfglobal.com or through the Contact Us form on the website (). Grievances raised will be noted by the PMU and addressed as soon as possible with a grievance acknowledgment shared with the stakeholder within 2-3 days of submission.

The team member designated for processing the complaint will assess it, propose a solution and respond to the complainant within an agreed timeframe. Based on the complainant response, the agreed solution will be implemented, and the case closed, or an alternative solution will be proposed.

178. To ensure that stakeholders are aware of the various channels, the project team will note the methods through their regular communications and awareness materials, including through meetings or webinars that engage a broad range of stakeholders.

179. Where impact assessments or other studies are being planned with communities and project stakeholders, the ASIF team will describe these plans through various channels including direct meetings, and written communication like emails.

180. Additionally, the team will also proactively seek feedback from key stakeholders on project processes and deliverables to create additional channels for capturing any grievance that stakeholders might otherwise not have chosen to raise.

176-181. Lastly, the team will regularly seek and review the feedback received on the effectiveness of the grievance mechanism and to make the necessary improvements, if need be.

## **PART III: IMPLEMENTATION ARRANGEMENTS**

### **A. Project/programme management**

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

*As per Document AFB/B.25/6/Rev.2, regional project and programme proposals are allowed a higher and more flexible maximum level for*

*administration costs, to help ensure regional cooperation, and, as such, the maximum level for the implementing entity management fee. For regional projects/programmes, the administrative costs (Implementing Entity Management Fee and Project/ Programme Execution Costs) at or below 10 per cent of the project/programme for implementing entity (IE) fees and at or below 10 per cent of the project/programme cost for the execution. In case the IE is serving as EE, which is acceptable AFB/PPRC.24/4 9 only under exceptional circumstances and must be well-justified, the execution cost should be limit to 1.5% of the part of the project/programme executed by the implementing entity. If the actual execution costs of the IE exceed the 1.5% cap a justification should be provided. As with regional projects and programmes, proposals for AFCIA programmes need to provide budgets for these two categories.*

*The arrangements for ensuring country-drivenness, in case where Letters of Endorsement from the Designated Authorities of the Fund are not provided at submission, should be described, including a timeline and point in process where such letters will be obtained and when and how they would be submitted to the AFB secretariat.*

**477-182.** The proposed project aims to engage national institutions and national implementing entities in various ways throughout the life of the project. This includes engaging interested entities in recommending potential SME candidates who could benefit from the project's support, attending virtual demo days to learn about the cohorts of SMEs being supported, sharing perspectives on regulatory frameworks in their country with relevant SMEs as advisors to them, receiving project publications covering learnings and insights, and participating in relevant events. In addition, this project has an innovative learning agenda approach as detailed earlier in the project that will emphasise on adequate arrangement for the programme management at the multiregional/regional level, national, local as well as global levels. In Ignite and Propel, Designated Authorities of the Adaptation Fund<sup>52</sup> will be responsible for receiving the results of the SMEs. They can also act as a bridge for other relevant country contacts.

**178-183.** BFA Global will be responsible for liaising with the Designated Authorities along with UNIDO support. Both these entities will also leverage innovative, creative, existing and new partnerships at local, regional, national and global levels to ensure consultation,

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<sup>52</sup> [Designated Authorities \(adaptation-fund.org\)](http://DesignatedAuthorities(adaptation-fund.org))



engagement and participatory processes with key stakeholders including vulnerable communities for the project to make sense and reach impact and scale.

179.184. The proposed project will be aligned to the government priorities (Nationally Determined Contributions and National Adaptation Plans) by requesting Designated Authority's endorsement of the adaptation SMEs supported under Propel. The Designated Authorities will be asked to confirm that the adaptation SME and its proposed solution is in alignment with the national circumstances. In addition, with Propel, the sustainability strategy for the local community (identified market) will be incorporated into the business plan of the adaptation solution. Their involvement will be honed throughout the program for cross-collaboration. In addition, to ensure tangible and sustainable adaptation benefits for local communities, partnerships with CSOs and other local organizations will be encouraged. Since the Designated Entity can work closely with all the ASIF key stakeholders (AF, UNIDO, BFA Global, SMEs, other local and national stakeholders, they have not been depicted in the figure but their value and input cannot be stressed enough. Additional information is also available in the ASIF Climate Adaptation Impact Hypothesis, which details the process for Ignite and Propel. The arrangement is highlighted in Figure 7.

**Implementation**

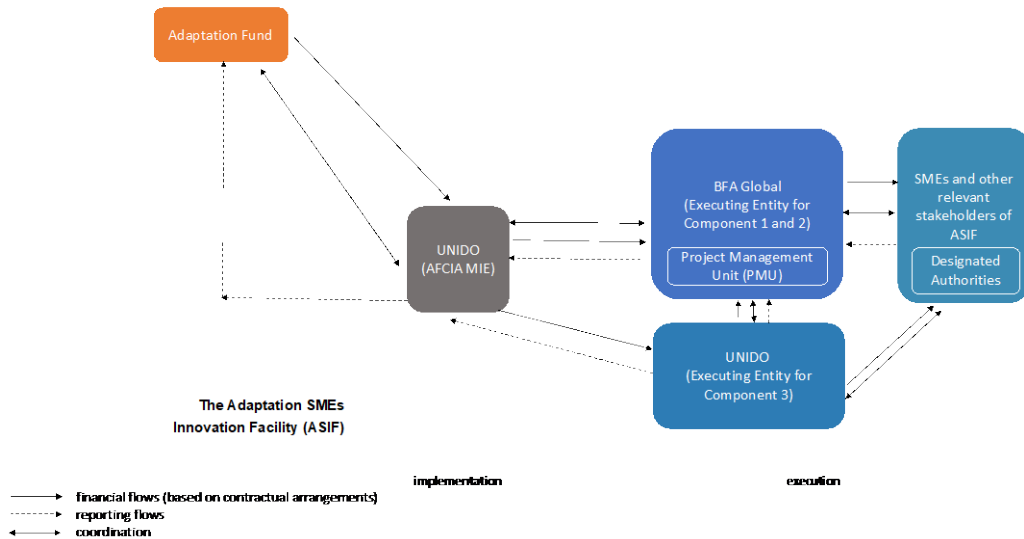


Figure 7: ASIF Institutional Arrangements



## Execution

~~180.~~185. UNIDO will execute Component 3. Components 1 and 2 will be executed by BFA Global. In identifying an executing entity for the ASIF components 1 and 2, UNIDO issued an open tender to invite qualified companies to submit offers. This approach is in alignment with UNIDO's commitment to transparency, fairness, and efficiency in its procurement processes. By opting for an open tender, UNIDO aimed to ensure that all interested parties have an equal opportunity to participate and compete for the project or service being sought. In adherence to UNIDO's Procurement policy and best practices, the selection process was conducted in a rigorous and impartial manner. BFA Global, a company with a proven track record and expertise in the relevant field, emerged as the successful candidate through this open and competitive process. This signifies that BFA Global not only met the necessary qualifications but also demonstrated a competitive edge among the contenders. By following such practices, UNIDO upholds its commitment to responsible and accountable procurement, fostering trust among stakeholders and partners.

~~181.~~186. As the execution entity, BFA global will designate internally, or recruit directly project management personnel to form a Project Management Unit (PMU) to execute the activities of this project. The PMU will be responsible for the day-to-day management of the project execution, monitoring and evaluation of project activities as in the agreed project work plan. The PMU will coordinate all project activities being carried out by project experts and partners. If necessary, BFA Global will sub-contract qualified service providers for the execution of certain additional activities. An open and competitive process will be used to select such service providers.

~~182.~~187. The PMU will work closely with BFA Global to ensure that targets and milestones are well aligned, tracked and reported. In terms of reporting, the BFA Global is responsible for providing the following reports with the support of the PMU:

- Regular progress and financial reports
- Annual work plan tracking, updates and budgeting
- Annual progress reports
- Periodic thematic reports (as and when required by UNIDO)
- Technical reports (as prepared by engaged experts/sub-consultants)

- Project publications (as prepared by engaged experts/sub-consultants)
- Progress report on the gender mainstreaming action plan and issues related to environmental and social safeguards

~~183.~~188. BFA Global will provide all related information to the evaluation experts for final evaluation in line with UNIDO and AF rules and regulations. During the implementation period of the project, UNIDO will provide the PMU with the necessary management and monitoring support.

## B. Financial and project/programme risk management

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

Identified Risks	Risk Rating	Mitigation Measures
Misappropriation of the grant funding	Low	Mile-stone based disbursement will be used instead of providing the total grant amount at the grant signing stage. Financial audit will be a mandatory requirement.
Transformational change cannot be achieved through micro-grants	Medium	Eligibility and prioritization criteria (climate adaptation impact hypothesis) will ensure that the micro-grants are linked to global adaptation priorities, as well as national plans and consistent with NDCs, NAPs and other relevant commitments.
Grantees fail in securing scale up and replication support and funding from other sources after the completion of the project	Medium	It is critical to note that the success rate of any <u>SME</u> , start-up or innovation venture is quite low. With all the support provided by UNIDO and its partners, it is anticipated that the success would be in the range of 20%-30%. Therefore, the technical assistance to be provided through Ignite is an important mitigation/ de-risking measure both for Propel, and also for adaptation innovation landscape. By

		<p>increasing the competitiveness of SMEs with early-stage innovative solutions, the mile-stone based grant disbursement plan of Propel is more likely to succeed. It is important to note that, as the Adaptation Fund also recognizes in its policy documents, supporting innovation is synonymous with risk-taking, and therefore it is in the very nature of ASIF to encourage risk-taking.</p> <p>The project's knowledge-sharing will also aim to help entrepreneurs not selected by the program to learn about innovative models and inspire growth.</p>
<p>Environmental, social and governance risk not managed, triggering risk events</p>	<p>Medium</p>	<p>As per the UNIDO Environmental and Social Safeguards Policy and Procedures (ESSPP) and the Adaptation Fund ESP, the proposed project is likely to have minimal or no adverse social and/or environmental impacts. While no further specific environmental and/or social assessment is required, the project has developed Climate Adaptation Impact Hypothesis, that has integrated an Environmental and Social Management Framework (ESMF) and maladaptation assessment- a project-level tool to apply when selecting individual SMEs (i.e. subprojects). The ASIF Climate adaptation impact hypothesis is also aligned with the 15 principals of the Adaptation Fund's Environmental and Social Policy (AF ESF). This will ensure that no adverse impacts emerge from the selected <a href="#">SME</a> subproject activities and interventions across all stages of</p>

		<p>the selected sub-project cycle (planning, implementation, post-implementation). This project will also use the Adaptation Solutions Taxonomy (ASAP) to determine whether applicants for ASIF support qualify as “Adaptation SME” based on the type(s) of technologies, products and services offered. Those that qualify as an “Adaptation SME” will further be classified as a specific type of “Adaptation SME” (By type of activity performed, by targeted sector, by targeted climate hazard and related risks and by targeted geography). Furthermore, this project will build on the preliminary considerations and the initial framework recommended ASAP for evaluating the contribution of Adaptation SMEs to adaptation and resilience outcomes. In addition to this, the Environmental and Social Management Framework will also encompass information about the exclusionary criteria as well as Environmental and Social risk assessment and mitigation framework, taking inspiration from the EU Taxonomy and other relevant frameworks.</p>
<p>Gender considerations are not adequately considered during the design and implementation of innovation grant</p>	<p>Medium</p>	<p>The project will finalize and implement the Gender Mainstreaming action plan based on a gender assessment during inception phase and ensure that risks are mitigated. For instance, this includes reducing gender bias of all stakeholders involved in the project.</p>
<p>Innovations trigger mal adaptation</p>	<p>Low</p>	<p>Micro-grant requests will be screened against climate change risks in the given country.</p>

Delayed coordination process between relevant partners which may require additional support and time	Low	BFA Global has conducted multiple multi-partner projects and appreciates the importance of advanced planning. The detailed work plan to be produced will allow for all partners to clearly understand their involvement. .
Participants are hesitant to learn online	Low	BFA Global understands how to make online content engaging, combining different delivery mechanisms (i.e. quizzes, webinars, podcasts). Furthermore, the executing entity has conducted several hundred events and has found proven actions and content amendments that keep participants engaged in physical as well as online sessions.
Not enough entrepreneurs are interested in applying to the programme	Low	BFA Global will engage in various sourcing mechanisms such as database sourcing, social media outreach, targeted emailing campaigns and network recommendations to ensure enough applicants
Not enough applicants complete their application in full undermining the ability to conduct a fair screening.	Low	ASIF team will send a follow-up email to all applicants who have not filled their application in full, reminding them to complete it by the deadline.
Participants in the workshops are not willing and motivated to learn and engage with the team online.	Low	BFA Global has conducted a multitude of online events and has found proven actions and content amendments that keep participants engaged in online sessions.
Participants are not committed to the program.	Low	BFA Global will ensure disciplinary measures if project holders' participation is not high enough.
Systemic shocks do not allow targets to be met	Low	Unforeseen global crisis (such as the COVID-19 pandemic) may disrupt project activities and achievement of targets. As the

		<p>exact nature of this type of risk cannot be determined at the time of submission of this proposal, and therefore the associated mitigation measures cannot be prescribed, UNIDO has decades of experience in providing technical cooperation projects in developing countries through varying types and degrees of economic and political crises. In the unlikely case of a systemic shock, UNIDO has the capacity, experience and expertise to navigate the disruptions, including recalibration of activities into online activities as needed. UNIDO will also consult with the Adaptation Fund to readjust the work plan and project targets in case of systemic shocks.</p>
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The management of financial risks will involve identifying potential risks, such as the misuse of grant funding, and implementing measures to mitigate them. To address the risk of misappropriation, disbursement of funds will be based on performance and UNIDO procurement practices and financial transactions over a certain threshold will be closely monitored.

**C. Sourcing small grant proposals for climate adaptation potential**

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

184.189. The environmental and social risks associated with this project will depend on the types of grants that are awarded, which may not be identified until the implementation process is underway. To ensure full compliance with UNIDO safeguard policy and AF safeguard policy, the grant selection process for the Propel and Ignite will be reviewed. UNIDO will also be part of the applications screening committees for Ignite and Propel which will ensure that appropriate supervision is in place for proper implementation of the ASIF Climate Adaptation Impact Hypothesis by BFA Global.

~~185~~.190. Applications received will be assessed against the ASIF climate adaptation impact hypothesis, which includes the Environment and Social Management Framework (ESMF) and maladaptation assessment considerations, and with input from investment and finance experts. This will determine appropriate risk mitigation measures and specify any related procedures, roles, and responsibilities. The screening process will assign an appropriate level of safeguard and maladaptation assessment and management approach for each proposed project. To ensure transparency and engagement with relevant stakeholders, project and safeguard and maladaptation information will be disclosed to the public. Regular monitoring of compliance with the required environmental and social management plan and risk management plan will be documented in annual progress reports. The project team will encourage stakeholders to communicate any potential compliance and grievance issues, and information on how to access grievance redress mechanisms will be disseminated widely.

~~186~~.191. Selected grantees will also be assessed for their capacity to identify and monitor risks, and, where relevant, will be provided with support through the project to manage potential risks.

#### **D. M&E**

*Describe the monitoring and evaluation arrangements and provide a budgeted M&E plan.*

~~187~~.192. The proposed project will comply with formal guidelines, protocols and toolkits issued by the AF and UNIDO. Project monitoring and evaluation (M&E) will be carried out in accordance with established AF Guideline and UNIDO procedures by the PMU. Proposed project risks and assumptions will be regularly monitored and verified by UNIDO. PMU will also be in regular touch with other AFCIA MIEs through the cooperation strategy.

~~188~~.193. A comprehensive Performance and Results Based Framework for the project will define execution indicators for project implementation as well as the respective means of measurement and frequency, reporting, and verification. A Monitoring and Evaluation system for the project will be established based on these indicators and means of verification

~~189~~.194. Targeted M&E activities for the proposed project include the following:

- a. A Project Launch Workshop within three months of project start with the full PMU team, relevant partners and stakeholder. The Launch Workshop is crucial to building ownership for the project results and planning the first-year annual work plan. A fundamental objective of the Launch Workshop will be to present the modalities of project implementation and execution, document mutual agreement for the proposed executive arrangements amongst stakeholders and assist the PMU to understand and take ownership of the project's goals and objectives. Another key objective of the Launch Workshop is to introduce the project team, which will support the project during its implementation. A Launch Summary will be prepared and shared with participants to formalize various agreements decided during the meeting.
- b. The PMU will regularly review and update the risk matrix in intervals of no less than every six months in which critical risks to the project have been identified.
- c. Beneficiary adaptation SMEs under Propel are required to prepare Quarterly Performance Briefs on the progress of their projects during the grant period including status of their compliance with AF and UNIDO environment, social, and gender policy. PMU will aggregate and synthesize the briefs for review on a regular basis to identify gaps and form response measures. UNIDO will also receive the synthesized briefs.

~~490~~.195. Risk assessment and rating is an integral part of the Annual Progress Reports (APR). The quality of the project's M&E will also be reviewed and rated as part of the APR. Appropriate financial parameters will be monitored annually by UNIDO to ensure that the expenditures are in line with the agreed budget.

~~491~~.196. An independent Final Evaluation will take place three months prior to the proposed project's end date in accordance with UNIDO's guidance. The Final Evaluation will focus on the delivery of the project's results as initially planned. The Final Evaluation will assess the impact and sustainability of results, including their contribution to capacity development and the achievement of adaptation benefits. This will include monitoring the grant disbursed through Ignite and Propel against the pre-agreed workplan/target/milestones. The final evaluation report should also be designed to (1) communicate publicly in one synthesis document a summary of progress made and lessons learned under the technical assistance towards the anticipated impact, and (2) compile information required for internal use in donor and UNIDO reporting.



**192-197.** The project executing entity will also be required to have a proven and robust project management system in place which would be applied to facilitate monitoring and reporting throughout implementation thereby facilitating adaptive management and learning by doing. Key features of the project management system include a project tracking tool which: is easy to update; contains information on process/status, financing, country focal points, eligibility and prioritization criteria; is linked to a document database, collecting, among others, gender disaggregated data; is tied to reporting and visualization tools that are automatically updated; and differentiates between private and public information.

**193-198.** An Annual Project Report (APR) is intended to monitor progress made since the project's start and for the previous reporting period. The APR includes, but is not limited to, reporting on the following:

- progress on the project's objective and outcomes – each with indicators, baseline data and end-of-project targets (cumulative)
- project outputs delivered per project outcome (annual)
- lessons learned/good practice
- annual Work Plan and expenditure reports
- project risk and adaptive management

<b>Type of M &amp; E activity</b>	<b>Responsibility</b>	<b>Time Frame</b>	<b>Indicative Cost in USD (\$)</b>
Use of web-based monitoring and evaluation interface with data query and reporting capability	PMU	Within 9 months of project start	20,000
Project launch and inception workshop & Report	PMU in coordination with UNIDO	Within 3 months of project start	20,000
Quarterly Performance Briefs from grantees	PMU in coordination with UNIDO	Every 3 months	None
Annual progress reports (APR)	PMU in coordination with UNIDO	Annually	None
Terminal Evaluation	PMU and External Consultants	Year 5 of project	60,000
Project coordination meetings	PMU in coordination with partners	Annually	6,000 (1500 per year)
Audit	PMU	Annually	25,000 (5,000 per year)
Travel related to project execution of components 1 and 2	PMU	Annually	45,000 (9,000 per year)

Travel related to project execution of component 3	UNIDO	Annually	28,902 (5,780 per year)
Total – BFA Global			176,000 <sup>53</sup>
Total - UNIDO			28,902
Total M&E budget from Execution Cost			<b>204,902</b>

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<sup>53</sup> Total execution cost for the BFA Global is 643,500 USD for components 1 and 2, and remainder is 467,500 USD. UNIDO will receive 28,902 USD as execution cost for component 3.

## E. Results framework

Include a results framework for the project / programme proposal, including milestones, targets, and indicators.

194.199. The result framework for ASIF has been aligned with AF and UNIDO's Integrated Results Framework (IRPF). Please note the following codes associated with the UNIDO IRPF: KASA – awareness, knowledge, and capacity building, BUS - business practices, TCO - technical cooperation, CPO - convening and partnerships, ECO – economic competitiveness.

Item	Indicator	Baseline <sup>54</sup>	Target at Project Completion	Means of Verification	Risk and Assumptions
<p><b>Objective:</b> To increase the climate resilience of vulnerable communities and peoples, contributing to an inclusive and sustainable development path for developing countries, by enhancing the competitiveness of</p>	<p>Total no of direct beneficiaries (# female)</p> <p><b>KASA.1: Number of actors gaining awareness/knowledge on UNIDO knowledge areas</b></p>	0	69,729 (Female 34,864)	Project progress reports	ASIF will aim to bring climate adaptation benefits to at least 69,729 direct beneficiaries in vulnerable communities through the grant disbursement of USD 5.63 million under Propel. The Adaptation Fund has reached 5.4 million direct beneficiaries between 2007 and 2017, with a disbursement of USD 436 million. equating to the cost efficiency factor of

<sup>54</sup> Baseline of 0 typically refers to a starting point or initial measurement that signifies the absence or lack of a certain attribute or value.

high-impact local adaptation SMEs.					approximately USD 80 per beneficiary during this time period. To meet the cost effectiveness of AF investment through the ASIF, Propel will target to achieve minimum cost efficiency of USD 80 per direct beneficiary, or less. This translates into 1,750 direct beneficiaries supported by each adaptation SME receiving support from Propel. It is worth noting that this is a conservative and indicative projection, referencing AF's historical performance.
	Total number of entrepreneurs supported (# female)  <b>BUS.2: Number of actors developing new products</b>	0	336 (168)	Project Progress Report	Assuming each <a href="#">SME</a> (112 in total) has 3 people

	Total no of policies/plans that will mainstream climate resilience  <b>TCO.3: Number of toolkits and guidelines produced</b>	0	112	Project Progress Report	112 sprints plans or strategy outputs for SMEs being accelerated via Ignite (80) and Propel (32)
	Total no of people trained (# female)  <b>KASA.2: Number of actors gaining skills on UNIDO knowledge areas</b>	0	2100 (1050 Female) <sup>55</sup>	Project Progress reports	investors, stakeholders engaged in developing briefs and engaged through events to share our learnings
<b>Outcome 1.1</b> SMEs improving climate adaptation and resilience (TRL 3-4/ BRL 2-4) are	# of databases of climate adaptation and resilience SMEs built for Ignite	0	1	Project Progress report	Interest received from SMEs who want to join Ignite

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<sup>55</sup> Calculation:

Investors: atleast 100 people (Assuming in touch with 3 people in each investor organisation<sup>21</sup>)

Additional stakeholders from planned events : atleast 2000 in total (ecosystem partners, [SMEs](#), corporates, funders, others)

Total: 2100 People trained

accelerated in a way that is gender-responsive and considers environmental and social sustainability					
<b>Outcome 1.1</b> <a href="#">SMEs</a> improving climate adaptation and resilience (TRL 3-4/ BRL 2-4) are accelerated in a way that is gender-responsive and considers environmental and social sustainability	Number of grantees that successfully complete Ignite  <b>ECO.1: Number of firms with economic gains (additional sales, savings)</b>	0	80	Project Progress report	With technical and business development/acceleration support, all grantees can achieve their performance
1.1.1) 1 database of SMEs enhancing adaptation and resilience is built and analyzed with a gender-responsive and environmental and social (E&S)	# of SMEs onboarded for <a href="#">SME</a> building	0	80	Project Progress Report	
	# of women-led <a href="#">SMEs</a>  <b>ECO.1: Number of firms with economic gains (additional sales, savings)</b>	0	28 (35% of 80)		

sustainability lens, and from it, SMEs are selected across the targeted countries (at least 100 SMEs; aim for at least 35% women-led <a href="#">SMEs</a> , 40% with women in leadership team and 25% of <a href="#">SMEs</a> offer products/services that target women)					
	# of SMEs with women in leadership team	0	32 (40% of 80)		
	# of SMEs offering products/services that target women	0	20 (25% of 80)		
1.1.2) At least 100 SMEs are accelerated with technical assistance vetting solutions and their expected impact to enable greater resilience and adaptation for climate-vulnerable communities.	# of SMEs accelerated <b>BUS.3: Number of established start-ups</b>	0	80	Project Progress Report	
	# of <a href="#">SME</a> building engagements engaging local communities using <a href="#">their</a> products and services	0	80	Project Progress Report	

	<b>TCO.4: Number of business plans developed</b>				
<b>Outcome 2.1</b> Climate adaptation and resilience innovations supported for deployment/scale-up in a validated market	Number of grantees that successfully complete innovation and business development milestones and grant disbursement according to agreed grantees' performance target	0	32	Project Progress Report	With technical and business development/acceleration support, all grantees can achieve their milestones as per agreed timelines, provided there are no force majeure events
2.1.1 1 database of SMEs enhancing adaptation and resilience is built and analyzed with a gender-responsive and environmental and social (E&S) sustainability lens, and from it, SMEs are selected across the targeted countries (at least 40 SMEs; aim for at least 35% women-led SMEs, 40% with	# of SMEs onboarded for <u>SME</u> building	0	32	Project Progress Report	
	# of women-led <u>SMEs</u> <b>ISID Indicator ECO.1: Number of firms with economic gains (additional sales, savings)</b>	0	11 (35% of 32)		
	# of SMEs with women in leadership team	0	12 (40% of 32)		
	# of SMEs offering products/services that target women	0	8 (25% of 32)		



women in leadership team and 25% of <u>SMEs</u> offer products/services that target women)					
2.1.2) At least 40 SMEs are supported with performance-based grant and tailored technical support for deployment/scale-up in a validated market	# of SMEs accelerated <b>BUS.3: Number of established start-ups</b>	0	32	Project Progress Report	
	# of <u>SME</u> building engagements engaging local communities using <u>their</u> products and services <b>Output:</b> <b>TCO.4: Number of business plans developed</b>	0	32	Project Progress Report	
<b>Outcome 3.1</b> The ecosystem for early-stage climate adaptation & resilience solutions is built and strengthened	# of global investors attracted <b>Outcome: (Global Actor) KASA.1: Number of actors gaining awareness/knowledge</b>	0	20	Project Progress Reports	

	<b>on UNIDO knowledge areas</b>				
	#Knowledge products developed	0	At least 20	Project Progress Reports, Publication Copies	Lessons learned and codified knowledge are widely shared with potential users
3.1.1) Knowledge Products and tools will be documented, packaged, and shared to increase awareness and showcase locally led innovation globally applying a gender lens approach	# of stakeholder engagement events hosted  <b>TCO.1: Number of capacity building activities provided</b>	0	Atleast 18	Event Presentations, Project Progress Reports	
	#Knowledge products developed	0	20	Project Progress Reports, Publication Copies	
	# Learning agenda strategy developed	0	1	Project Progress Reports	

	#Podcast on climate adaptation and resilience innovation launched	0	1	Project Progress Reports	
3.1.2) A community of investors and capital providers (at least 20 investors for SMEs (with at least 40% with women in their leadership team)) will be attracted and engaged with the opportunity to learn from and connect with each other and with innovators	# of investors with women in their leadership teams	0	8 (40% of 20)	Project Progress Reports	
	# of investor/ <a href="#">SME</a> in-person meetup events	0	2	Event presentation	
	# of investor/ <a href="#">SME</a> connections for women-led founders	0	At least 15	Project Progress Reports	
	# of investor focused knowledge outputs with gender-based insights	0	5	Project Progress Reports	
3.1.3) A community supportive of climate adaptation innovation (with gender lens) is created to connect, share, and assess progress.	# of events to promote and disseminate learning  <b>CPO.1: Number of global fora, workshops, EGM, side events organized</b>	0	5 (aim for COP29, COP30, COP31, COP32 and COP33)	Event Plans, Project Progress Reports	

	#Virtual global and virtual regional events to bring SMEs supported together	0	4 virtual global and 16 virtual regional	Event Plans, Project Progress Reports	

## F. Alignment with the results framework of the Adaptation Fund

*Demonstrate how the project / programme aligns with the Results Framework of the Adaptation Fund*

*Project outcomes should be aligned with the Fund level outcome for innovation (Outcome 8) of the Strategic Results Framework and all others that may apply in the context of the project/programme. Please follow additional guidance provided in Document AFB/PPRC.29/44.<sup>56</sup>*

<b>Project Objective(s)<sup>57</sup></b>	<b>Project Objective Indicator</b>	<b>Fund Outcome</b>	<b>Fund Outcome Indicator</b>	<b>Grant Amount (USD)</b>
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<sup>56</sup> Available at: [https://www.adaptation-fund.org/wp-content/uploads/2022/03/AFB.PPRC\\_.29.44-Guidance-to-IEs-for-inclusion-of-objectives-and-Indicators-for-Innovation.pdf](https://www.adaptation-fund.org/wp-content/uploads/2022/03/AFB.PPRC_.29.44-Guidance-to-IEs-for-inclusion-of-objectives-and-Indicators-for-Innovation.pdf)

<sup>57</sup> The AF utilized OECD/DAC terminology for its results framework. Project proponents may use different terminology but the overall principle should still apply

<p>To increase the climate resilience of vulnerable communities and peoples, contributing to an inclusive and sustainable development path for developing countries, by enhancing the competitiveness of high-impact local adaptation SMEs.</p>	<p>The extent of innovative practices and investments taking place to address climate change adaptation challenges.</p>	<p><b>Outcome 8.</b> Support the development and diffusion of innovative adaptation practices, tools and technologies</p> <p>Outcome 3: Strengthened awareness and ownership of adaptation and climate risk reduction processes at local level</p>	<p><b>8.1</b> No. of innovative adaptation practices, tools and technologies accelerated, scaled up or replicated</p> <p>Output 3.2: Strengthened capacity of national and subnational stakeholders and entities to capture and disseminate knowledge and learning</p>	<p>10,000,000</p> <p>Exact number to be determined and tracked during project duration.</p>
<p><b>Project Outcome(s)</b></p>	<p><b>Project Outcome Indicator(s)</b></p>	<p><b>Fund Output</b></p>	<p><b>Fund Output Indicator</b></p>	<p><b>Grant Amount (USD)</b></p>
<p><b>Outcome 1.1</b> SMEs improving climate adaptation and resilience (TRL 3-4/BRL 2-4) are</p>	<p>1.1 No. of adaptation SMEs supported via Ignite</p>	<p><b>AF MTS ER3 Result:</b> New Innovations encouraged and accelerated.</p>	<p>Number of innovative adaptation practices, tools and technologies funded with Ignite</p>	<p>900,000</p>

accelerated in a way that is gender-responsive and considers environmental and social sustainability		<b>Output:</b> A relevant, efficient, effective and sustainable Ignite and Propel mechanism established to develop and/or test innovative adaptation products (e.g., project management tools) and technologies	8.1. No. of innovative adaptation practices, tools and technologies accelerated, scaled-up and/or replicated	
<b>Outcome 2.1</b> Climate adaptation and resilience innovations supported for deployment/scale-up in a validated market	2.1 No. of adaptation SMEs supported via Propel	AF Output 8: Viable innovations are rolled out, scaled up, encouraged and/or accelerated.	Number of innovative adaptation practices, tools and technologies funded with Propel 8.1. No. of innovative adaptation practices, tools and technologies accelerated, scaled-up and/or replicated	5,630,000
<b>Outcome 3.1</b> The ecosystem for early-stage climate adaptation &	3.1. Scaled up funding secured for technology acceleration investment	<b>AF MTS ER4 Result: Evidence base generated:</b>	Quantity and quality of key findings on effective, efficient adaptation practices,	1,896,779

<p>resilience solutions is built and strengthened</p>		<p><b>Output:</b> A relevant, efficient, effective and sustainable Ignite and Propel mechanism established to generate evidence base effective, efficient adaptation practices, products and technologies, to enable implementing entities and other funds to assess</p> <p>AF Output 8. Viable innovations are rolled out, scaled up, encouraged and/or accelerated</p>	<p>products and technologies generated</p> <p>8.2. No. of key findings on effective, efficient adaptation practices, products and technologies generated</p>	
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## G. Detailed budget

Include a detailed budget with budget notes, broken down by country as applicable, a budget on the Implementing Entity management fee use, and an explanation and a breakdown of the execution costs.

### Output Level Budget for Y1-Y5<sup>58</sup>

Budget Lines	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>Outcome 1</b>							
<b>Output 1.1.1</b>							
2100	Contractual Services	30,000.00	20,000.00	20,000.00	20,000.00	20,000.00	<b>110,000.00</b>
<b>Sub-Total Output 1.1.1</b>		<b>30,000.00</b>	<b>20,000.00</b>	<b>20,000.00</b>	<b>20,000.00</b>	<b>20,000.00</b>	<b>110,000.00</b>
<b>Output 1.1.2</b>							
2100	Contractual Services	104,000.00	195,000.00	195,000.00	195,000.00	101,000.00	<b>790,000.00</b>
<b>Sub-Total Output 1.1.2</b>		<b>104,000.00</b>	<b>195,000.00</b>	<b>195,000.00</b>	<b>195,000.00</b>	<b>101,000.00</b>	<b>790,000.00</b>
<b>Sub-Total Outcome 1</b>		<b>134,000.00</b>	<b>215,000.00</b>	<b>215,000.00</b>	<b>215,000.00</b>	<b>121,000.00</b>	<b>900,000.00</b>
<b>Outcome 2</b>							
<b>Output 2.1.1</b>							
2100	Contractual Services		100,000.00	100,000.00	100,000.00	50,000.00	<b>350,000.00</b>
<b>Sub-Total Output 2.1.1</b>		-	<b>100,000.00</b>	<b>100,000.00</b>	<b>100,000.00</b>	<b>50,000.00</b>	<b>350,000.00</b>
<b>Output 2.1.2</b>							
2100	Contractual Services	56,000.00	1,306,000.00	1,306,000.00	1,306,000.00	1,306,000.00	<b>5,280,000.00</b>
<b>Sub-Total Output 2.1.2</b>		<b>56,000.00</b>	<b>1,306,000.00</b>	<b>1,306,000.00</b>	<b>1,306,000.00</b>	<b>1,306,000.00</b>	<b>5,280,000.00</b>
<b>Sub-Total Outcome 2</b>		<b>56,000.00</b>	<b>1,406,000.00</b>	<b>1,406,000.00</b>	<b>1,406,000.00</b>	<b>1,356,000.00</b>	<b>5,630,000.00</b>
<b>Outcome 3</b>							
<b>Output 3.1.1</b>							
1100	Staff & Intern Consultants	70,000.00	70,000.00	70,000.00	70,000.00	70,000.00	<b>350,000.00</b>
2100	Contractual Services	55,000.00	15,000.00	15,000.00	15,000.00	15,000.00	<b>115,000.00</b>
<b>Sub-Total Output 3.1.1</b>		<b>125,000.00</b>	<b>85,000.00</b>	<b>85,000.00</b>	<b>85,000.00</b>	<b>85,000.00</b>	<b>465,000.00</b>
<b>Output 3.1.2</b>							
1100	Staff & Intern Consultants	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00	<b>400,000.00</b>
2100	Contractual Services	10,000.00	10,000.00	260,000.00	10,000.00	260,000.00	<b>550,000.00</b>
<b>Sub-Total Output 3.1.2</b>		<b>90,000.00</b>	<b>90,000.00</b>	<b>340,000.00</b>	<b>90,000.00</b>	<b>340,000.00</b>	<b>950,000.00</b>
<b>Output 3.1.3</b>							
1100	Staff & Intern Consultants	70,000.00	70,000.00	70,000.00	70,000.00	70,000.00	<b>350,000.00</b>
2100	Contractual Services	10,000.00	29,000.00	29,000.00	29,000.00	34,779.00	<b>131,779.00</b>
<b>Sub-Total Output 3.1.3</b>		<b>80,000.00</b>	<b>99,000.00</b>	<b>99,000.00</b>	<b>99,000.00</b>	<b>104,779.00</b>	<b>481,779.00</b>
<b>Sub-Total Outcome 3</b>		<b>295,000.00</b>	<b>274,000.00</b>	<b>524,000.00</b>	<b>274,000.00</b>	<b>529,779.00</b>	<b>1,896,779.00</b>
<b>Components Sub Total</b>		<b>485,000.00</b>	<b>1,895,000.00</b>	<b>2,145,000.00</b>	<b>1,895,000.00</b>	<b>2,006,779.00</b>	<b>8,426,779.00</b>
<b>Project Management Cost (PMC)</b>							
2100	Contractual Services	128,700.00	128,700.00	128,700.00	128,700.00	128,700.00	<b>643,500.00</b>
1500	Local travel	5,780.40	5,780.40	5,780.40	5,780.40	5,780.40	<b>28,902.00</b>
<b>Sub-Total PMC</b>		<b>134,480.40</b>	<b>134,480.40</b>	<b>134,480.40</b>	<b>134,480.40</b>	<b>134,480.40</b>	<b>672,402.00</b>
<b>GRAND TOTAL</b>		<b>619,480.40</b>	<b>2,029,480.40</b>	<b>2,279,480.40</b>	<b>2,029,480.40</b>	<b>2,141,259.40</b>	<b>9,099,181.00</b>

### Monitoring and Evaluation Budget from Execution costs:

Monitoring and Evaluation			
Type of M & E activity	Responsible Parties	Time Frame	Indicative Cost in USD (\$)

58 Please note that UNIDO reporting will be at the output level only. Please refer to activity level budget for Y1-Y5 presented as Annex 3.



Use of web-based monitoring and evaluation interface with data query and reporting capability	PMU	Within 9 months after project start	20,000
Project launch and inception workshop & Report	PMU in coordination with UNIDO	Within 3 months of project start	20,000
Quarterly Performance Briefs from grantees	PMU in coordination with UNIDO	Every 3 months	None
Annual progress reports (APR)	PMU in coordination with UNIDO	Annually	None
Terminal Evaluation	PMU and External Consultants	Year 5 of project	60,000
Project coordination meetings	PMU in coordination with partners	Annually	6,000 (1500 per year)
Audit	PMU	Annually	25,000 (5,000 per year)
Travel related to project execution of components 1 and 2	PMU	Annually	45,000 (9,000 per year)
Travel related to project execution of component 3	UNIDO	Annually	28,902 (5,780 per year)
<b>Total - BFA Global</b>			<b>176,000*</b>
<b>Total - UNIDO</b>			<b>28,902</b>
<b>Total M&amp;E budget from Execution Cost</b>			<b>204,902</b>

## Implementing Entity Fees Estimate and Use

195-200. Project/Programme Cycle Management Fee charged by the Implementing Entity is 900,819 USD (9.9%), and breakdown of its usage is as below:

Implementing Entity Fees	
Description	Total (US\$)
Senior Programme Manager Includes Cost for project development, monitoring and supervision	200,000
Audit	100,000
Corporate Services including administrative costs	600,819
<b>Total</b>	<b>900,819</b>

201. Total execution cost for the project is 672,402 USD. For execution of components 1 and 2, BFA Global will receive 643,500 USD. UNIDO will receive 28,902 USD as execution cost for component 3. UNIDO's execution cost of 28,902 USD will be utilized for M&E as described above in the "Monitoring and Evaluation Budget" table (travel related to project execution of component 3, at 5,780 USD per year).

202. BFA Global's execution cost of 643,500 USD for components 1 and 2 will cover 176,000 USD as described in the "Monitoring and Evaluation Budget" table above, and the remaining 467,500 USD will cover time from the BFA Global team for project management (which covers activities' oversight, financial management, progress monitoring, and team coordination) and donor engagement (donor meetings, reporting, and project governance activities). The table below summarizes the costs:

#### **BFA Global – Execution costs**

<u>Activity</u>	<u>Total (US\$)</u>
<u>M&amp;E Budget including travel related to project execution</u>	<u>176,000</u>
<u>Staff costs for project management and donor engagement</u>	<u>467,500</u>
<u>Total</u>	<u>643,500</u>

#### **H. Disbursement schedule**

*Include a disbursement schedule with time-bound milestones.*

	Upon signature of Agreement	One Year after Project Start	Year 2	Year 3	Year 4	Total

Scheduled date	01 Feb 2024	01 Feb 2025	01 Feb 2026	01 Feb 2027	01 Feb 2028	
Project Funds	619.480,40	2.029.480,40	2.279.480,40	2.029.480,40	2.141.259,40	<b>9.099.181</b>
Implementing Entity Fees	180.163,80	180.163,80	180.163,80	180.163,80	180.163,80	<b>900.819</b>
<b>Total</b>	<b>799.644,20</b>	<b>2.209.644,20</b>	<b>2.459.644,20</b>	<b>2.209.644,20</b>	<b>2.321.423,20</b>	<b>10.000.000</b>

## PART IV: CERTIFICATION BY THE IMPLEMENTING ENTITY

### Implementing entity certification

*Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project/programme contact person's name, telephone number and email address*

<p>I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and subject to the approval by the Adaptation Fund Board, <u>commit to implementing the project/programme in compliance with the Environmental and Social Policy of the Adaptation Fund</u> and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.</p>	
<p><i>Name &amp; Signature</i></p> <p>Ms. Fatou Haidara  <a href="#">Deputy to the Director General and</a> Managing Director          Directorate of Global Partnerships and External Relations          (+43 1) 26026 3708          Implementing Entity Coordinator</p>	
<p>Date: <i>(Month, Day, Year)</i></p>	<p>Tel. and email:          (+43 1) 26026 3708;  <a href="mailto:f.haidara@unido.org">f.haidara@unido.org</a></p>
<p>Project Contact Person: Alois <a href="#">P.</a> Mhlanga</p>	
<p>Tel. And Email: <a href="mailto:a.mhlanga@unido.org">a.mhlanga@unido.org</a></p>	

## Annexes

### Annex 1: Baseline Initiatives

Initiatives that seek to support adaptation SMEs in developing solutions and bringing them to the market include:

- UNDP launched the “Adaptation Fund-UNDP Innovation Small Grant Aggregator Platform (ISGAP)” for Not-for-profit, Civil Society Organizations, NGOs, etc. (USD 5 million);
- UNEP launched the “Special Financing Window in Support of Innovation for Adaptation” to support countries to test, evaluate, roll out products and techs (USD 5 million);
- [ASAP \(Adaptation SME Accelerator Project\)](#) has been carried out by the Lightsmith Group with the support of GEF. This project offers market mapping, convening and network building, and incubation/acceleration for adaptation SMEs (USD 2 million).

Private venture capitals (VCs) also launched several funds for climate change solution SMEs. These commercial funds though not focused on climate adaptation, they play a role in investing in companies with commercial potential according to market principles. Funds operated with commercial capital are on average larger in scale than funds supported by multilateral donor projects, but are likely to invest only in highly marketable companies.

- Catalyst Fund (BFA Global) offers a combination of catalytic grant capital, bespoke [SME](#)-building support from market and sector experts and access to a global network of investors and corporate innovators (3.5 million US\$ in Africa);
- The Lightsmith Group launched the Climate Resilience and Adaptation Finance and Technology-transfer facility (CRAFT) with funding from Nordic Development Fund (NDF) and GEF, in support

of 10-20 companies located in developed and developing countries expanding into new sectors and geographic markets (USD 250 million);

- Climate-KIC runs theme- and place-based programmes. Once start-ups have successfully completed the programme, EIT Climate-KIC invests in the most promising climate companies that can demonstrate the highest impact potential.

## Annex 2: UNIDO approach and comparative advantage

The United Nations Industrial Development Organization (UNIDO) retains a comparative advantage in supporting climate adaptation innovation in three respects:

- As the UN agency mandated to promote industrial development, UNIDO has a wealth of experience and expertise engaging local SMEs in developing countries and emerging economies. Therefore, UNIDO understands the unique challenges and the strengths of SMEs in developing demand-driven and effective climate adaptation solutions. Accordingly, UNIDO can support the SMEs to leverage their technological know-how, market access and financing to develop, [commercialize](#), and deploy innovative climate adaptation solutions in vulnerable communities;
- Synergies are expected between the proposed ASIF and UNIDO's flagship initiatives and services [focused](#) on climate technology innovation by SMEs, namely the Global Cleantech Innovation Programme (GCIP), and the Private Financing Advisory Network (PFAN). The proposed ASIF will leverage resources including methodologies, tools, and know-how, and networks that UNIDO has developed over the years through GCIP and PFAN.
- Through past and ongoing work with SMEs, UNIDO has received feedback and requests from many adaptation SMEs, including those involved in UNIDO's projects, and will design ASIF to directly and effectively respond to their needs. The feedback is clear that there is a gap in the support systems for adaptation SMEs especially at the most critical junctures along the innovation value chain. Typically, innovations at technology readiness levels 3 to 7 face severe challenges across all facets of business, including technology validation, mobilizing financing, navigating legal landscapes,

manufacturing, customer relations, among others. UNIDO can design ASIF to plug a gap that is in the market, encourage more risk-taking by adaptation SMES, and stimulate the scaling up and replication of high-impact solutions to benefit vulnerable communities.

### **UNIDO's contribution to SDGs through private sector support**

UNIDO contributes to the Sustainable Development Goals (SDGs) through its mandate by supporting its Member States in achieving inclusive and sustainable industrial development. This stems from the understanding that developing and emerging economies need to be fully engaged in the transition towards an alternative development trajectory, conducive to business models that prioritize low carbon and climate resilience considerations.

UNIDO understands the challenges to SMEs growth and is familiar with the ecosystems that they operate in, and through its programmes and initiatives, works directly with the private sector to build climate resilient communities and industries. UNIDO views climate change adaptation less as a challenge, but rather as an opportunity for an alternative development path, driven by innovation and resulting in job creation and improved livelihoods. UNIDO works on the premise that private sector, SMEs in particular, are best placed to experience and identify climate risks at the community level, and develop adaptation solutions most relevant at the local levels. Therefore, the private sector is a crucial part of the climate [adaptation](#) equation, serving as adaptation solution providers, and at the same time providing jobs for economic development.

### **UNIDO's expertise in accelerating climate technologies**

UNIDO has vast experience and expertise in supporting the development, piloting, deployment, and commercialization of innovation climate solutions from the private sector. The proposed ASIF interventions build on UNIDO's



extensive approaches in working with the private sector to enhance their competitiveness to respond to and participate in climate action through new and improved technology solutions and business models. Two flagship programmes that demonstrate UNIDO’s approach and expertise are:

a) The Global Cleantech Innovation Programme (GCIP)

[GCIP](#) is arguably the largest innovation accelerator that supports SMEs from developing countries and transform their climate technology innovations into fast-growing, scalable, and investible business. In addition to working directly with SMEs, GCIP builds, strengthens and connects innovation ecosystems thereby creating the environment required to systematically allow more innovations and entrepreneurship. To date, GCIP has accelerated over 1000 early-stage enterprises and SMEs in the cleantech sector in 9 developing countries between 2011 and 2019. In 2022, the GCIP was relaunched with enhanced programmatic features to maximize synergies in 17 partner countries, and is projected to expand to 25 countries by 2025. Figure 8 describes the milestones of the GCIP acceleration programme.

Figure 8: GCIP Acceleration Programme



Some innovative climate adaptation solutions supported by GCIP include:

- [Tarla](#) based in Istanbul, Turkey, provides agricultural business intelligence and early warning systems for small farmers to assess climate risks for smart planning and climate change adaptation.

- MySmartFarm based in Western Cape, South Africa, empowers farmers with scientific advice, optimizing decision through quick response to changes in weather, soil condition and environmental shocks.
- [Khepri Innovations](#) based in Pretoria, South Africa, provides services to farmers for improved waste management and disposal as well as converting organic waste to fertilizers.
- [Green Engineering Mission SARL \(GEMS\)](#) based in Agadir, Morocco provides a water efficiency solution for agriculture and irrigation through a nano-irrigation system that significantly reduces water consumption, and reduces operational and labour costs related to the daily management of irrigation, fertilizers, and treatment.
- [ModulusTech](#) from Pakistan provides innovative flat-packed modular design housing. The houses can be transported and set-up in minimal time, while being cost-effective, energy-efficient and sustainable. They are also resistant to extreme weather events, such as floods, cyclones, or earthquakes, and can be deployed as emergency response in case of such extreme weather events.

b) Private Financing Advisory Network (PFAN)

[The Private Financing Advisory Network \(PFAN\)](#) was initiated in 2006 by the UNFCCC and the Climate Technology Initiative to bridge the gap between climate entrepreneurs and private sector investors, and now is hosted by UNIDO and the Renewable Energy and Energy Efficiency Partnership (REEEP). Through a global network of 230 locally-based climate and clean energy financing experts, PFAN offers free business coaching and investment facilitation to entrepreneurs developing climate and clean energy projects in emerging markets and connects them to investors. The below Figure 9 summarizes PFAN services.

## The PFAN Process

From submitting a proposal to financial close



*Figure 9: PFAN Interventions*

To date, PFAN has supported 225 projects/businesses, and raised total financing of USD 3 billion. PFAN has supported adaptation projects since 2014, and prioritizes high-profile sectors for climate adaptation, including agriculture, agro-processing, crop storage and market linkages, water availability and wastewater management, financial services that support livelihoods, and climate proofing infrastructure, among others. Some adaptation SMEs supported by PFAN include:

- [Simusolar<sup>\[1\]</sup>](#) provides funded solar productive use solutions such as solar water pumps, solar fishing lights, solar security lights, and solar freezers which contribute to increasing the share of productive use of energy of agriculture (PUE) in Tanzania and Uganda;
- [EMFED Farms & Trading<sup>\[2\]</sup>](#) in Ghana is a social enterprise providing farm management and certification services as well as selling agro-inputs to enable sustainable cocoa farming, which helps to increase the resilience of farmers and their capacity to adapt to the effects of climate change;

- [Livestock Trade Services<sup>3\]</sup>](#) in Kenya procures livestock from smallholder pastoralists, sets up livestock quarantine and manages the export of live animals to the Middle East. The company's regenerative grazing, solar irrigation and methane-reducing feed additives cut GHG emissions and provide significantly increased incomes and resilience of 500,000+ farmers.

c) Expected synergies with GCIP and PFAN

The ASIF's technical assistance, particularly in components 1 and 2 will leverage existing knowledge products, services, and expertise developed by GCIP and PFAN. This approach will allow ASIF to adopt a plug-and-play strategy, resulting in improved efficiency and effectiveness. Furthermore, potential synergies between UNIDO's current services and resources and ASIF's operation are outlined below. UNIDO's resources will be continuously adapted and tailored to meet the specific needs of the adaptation SMEs receiving support from ASIF, with a particular emphasis on ensuring their relevance in LDCs. This is to ensure that the adaptation solutions will yield tangible benefits at the community level. Furthermore, potential synergies between UNIDO's current services and resources and ASIF's operation are outlined in the below table.

*Table 1: Expected synergies with GCIP and PFAN*

<b>Existing UNIDO services</b>	<b>Expected Synergies</b>
GCIP accelerator guidebooks, training materials and related resources	Based on 10+ years of experience, the support provided to SMEs through the ASIF will build on the existing GCIP materials, refining the content to reflect the policy and market context of the respective geographical regions of the companies to be supported.
GCIP impact assessment framework	GCIP is currently developing an impact assessment framework that can project, monitor, verify, and report on the environmental, social, and economic impacts of the companies supported by GCIP. The ASIF will build on this GCIP tool to further develop an impact assessment framework specific for climate adaptation (tentatively named the ASIF adaptation impact hypothesis and verification tool).

Global ecosystem connectivity	GCIP is currently a network of 15 countries and is expected to expand to 25 countries by 2025. ASIF will be connected to the vast network of cleantech ecosystem actors (government agencies, accelerators, investors, financial institutions, think tanks) in the GCIP network. SMEs supported by ASIF will also enjoy peer networking with GCIP alumni climate tech companies in the developing countries, and enjoy peer learning and cross-border business opportunities for replication and scale-up.
PFAN networks	PFAN partners include both investors and non-investors. Over 60 partner organizations ranging from NGOs, CSOs, banks, venture capital funds, energy associations, etc. at national, regional, and global levels provide valuable connections that can not only support ASIF in establishing and partnerships with FIs, but also ensure that the ASIF supported adaptation enterprises will provide the adaptation solutions in alignment with local policy and regulations and the local social and economic climate.

*UNIDO’s proven track record working with adaptation SMEs*

UNIDO has a proven track record in supporting innovative climate solutions stemming from SMEs:

- [\*Reducing vulnerability and increasing resilience to climate change through promoting innovation, transfer, and large-scale deployment of adaptation-oriented technologies in priority agriculture value-chains and creating jobs \(GEF project\)\*](#): the project aims to reduce vulnerability and increase resilience to climate change by promoting innovation, transfer, and large-scale deployment of adaptation-oriented technologies in priority agriculture value chains and creating jobs in the DRC.
- [\*Promotion of climate adaptation technology and business model innovations and entrepreneurship in Sierra Leone \(GEF project\)\*](#): the project aims at reducing vulnerability and increasing resilience of vulnerable populations by supporting MSME-driven innovation, transfer and large-scale deployment of adaptation technologies, products, and services (TPS) in the water, agriculture, and energy sectors in Sierra Leone.

- [\*Acceleration of financial technology-enabled climate resilience solutions \(GEF project\)\*](#): the project proposes a SME-building facility to accelerate fintech-enabled climate resilience solutions for vulnerable households and small businesses in Africa.
- [\*Piloting innovative financing for climate adaptation technologies in medium-sized cities \(GEF project\)\*](#): the project aims to develop an enabling mechanism for the target cities to access innovative and private CCA finance in the long run. This mechanism will be developed and piloted in one pilot country/city located in each key region of the Global South.
- [\*A nature-based private investment facility for climate resilience in coastal least developed country communities \(GEF project\)\*](#): the project develops and launches a global facility to mobilize private sector investments to fund nature-based solutions to enhance climate resilience of coastal communities in least developed countries.
- [\*Amplifying the impact of the “Challenge Programme for Adaptation Innovation” of the Global Environment Facility through learning and knowledge management\*](#): The project aims to gather, discuss, manage and disseminate the learnings and knowledge generated through the implementation of several GEF funded projects, such as the ones from the Challenge Programme for Adaptation Innovation, to accelerate private sector investment in climate adaptation innovation.
- [\*Resilient Investment in Southern Africa \(RISA\)\*](#): RISA will consist of an USD 80M investment facility (IF) managed by UNIDO partners, Camco, and USD 8.7M technical assistance facility (TAF) that will be hosted by UNIDO - both will be funded by the Green Climate Fund. Both facilities will be supporting SMEs that will increase the

climate resilience of the agricultural value chain in Southern Africa. The TAF will provide advisory services to these SMEs on the themes of business development, financing and impact.

<sup>[1]</sup> [https://pfan.net/wp-content/uploads/2022/11/Simusolar\\_Teaser\\_final-1.pdf](https://pfan.net/wp-content/uploads/2022/11/Simusolar_Teaser_final-1.pdf)

<sup>[2]</sup> [https://pfan.net/wp-content/uploads/2022/11/Emfed\\_Teaser\\_final-1.pdf](https://pfan.net/wp-content/uploads/2022/11/Emfed_Teaser_final-1.pdf)

<sup>[3]</sup> [https://pfan.net/wp-content/uploads/2022/11/Livestock\\_Teaser\\_final.pdf](https://pfan.net/wp-content/uploads/2022/11/Livestock_Teaser_final.pdf)

## Annex 3: Activity level budget for ASIF

YEAR 1	Expenditure Category	Detailed Description	Component (USD)							Sub-Total	PMC	Total (USD)	Responsible Entity
			Component 1		Component 2		Component 3						
			Outcome 1		Outcome 2		Outcome 3						
			Output 1.1.1	Output 1.1.2	Output 2.1.1	Output 2.1.2	Output 3.1.1	Output 3.1.2	Output 3.1.3				
BL 21 Contractual services	1.1.1.1 Adaptation SMEs are identified and selected through a global call for applications to the Ignite and included to the startup database	\$15,000,00							\$15,000,00		\$15,000,00	BFA Global	
	1.1.1.2 Deeper due diligence is performed with shortlisted SMEs for induction into Ignite	\$15,000,00							\$15,000,00		\$15,000,00	BFA Global	
	1.1.2.1 Conduct 4 cycles of Ignite for climate adaptation solutions between TRIs 3-4, minimum 20 SMEs supported per cycle (1 cycle has 2 cohorts, total 80 SMEs accelerated over 4 years)		\$104,000,00						\$104,000,00		\$104,000,00	BFA Global	
	2.1.1.1 High impact Adaptation SMEs are identified through a global call for applications to the ASIF Propel and included to the startup database												
	2.1.1.2 Deeper due diligence is performed with shortlisted SMEs for induction into Propel												
	2.1.2.1 Develop and administer Propel facility, and disburse package of performance-based grants and technical support for adaptation SME at TRIs 5-6 (at least 8 SMEs supported per year, at least 32 SMEs supported in total)				\$56,000,00				\$56,000,00		\$56,000,00	BFA Global	
	3.1.1.1 Learning agenda strategy developed so that insights are gathered and lessons captured to benefit the wider ecosystem in developing countries						\$30,000,00		\$30,000,00		\$30,000,00	UNIDO	
	3.1.1.2.1 Podcast on early stage climate adaptation and resilience launched to encourage and motivate new stakeholders to join the sector						\$15,000,00		\$15,000,00		\$15,000,00	UNIDO	
	3.1.1.3 Conduct gender analysis and gender action plan for ASIF						\$10,000,00		\$10,000,00		\$10,000,00	UNIDO	
	3.1.2.1.5 Investee specific knowledge products (gender responsive and E-BS sustainable) are prepared with relevant stakeholder consultation and analysis							\$10,000,00	\$10,000,00		\$10,000,00	UNIDO	
	3.1.2.2 Investees and SMEs in-person meetup annual events (2 in total, Y3 and Y5) conducted to promote engagement and unlock funding for SMEs												
	3.1.3.1 Virtual global (1/year) and virtual regional events (3/year) to bring ASIF SMEs supported together												
	3.1.3.2 Promotion and dissemination of learnings on climate adaptation and resilience innovation at COP29, COP30, COP31, COP32 and COP33 PMC (for components 1 and 2)								\$10,000,00	\$10,000,00		\$10,000,00	UNIDO
	sub-total	\$30,000,00	\$104,000,00	\$0,00	\$56,000,00	\$55,000,00	\$10,000,00	\$10,000,00	\$265,000,00	\$128,700,00	\$393,700,00		
BL 11 International consultants	3.1.1.1 Learning agenda strategy developed so that insights are gathered and lessons captured to benefit the wider ecosystem in developing countries					\$30,000,00		\$30,000,00		\$30,000,00	UNIDO		
	3.1.1.2.1 Podcast on early stage climate adaptation and resilience launched to encourage and motivate new stakeholders to join the sector					\$20,000,00		\$20,000,00		\$20,000,00	UNIDO		
	3.1.1.3 Conduct gender analysis and gender action plan for ASIF					\$20,000,00		\$20,000,00		\$20,000,00	UNIDO		
	3.1.2.1.5 Investee specific knowledge products (gender responsive and E-BS sustainable) are prepared with relevant stakeholder consultation and analysis						\$80,000,00		\$80,000,00		\$80,000,00	UNIDO	
	3.1.2.2 Investees and SMEs in-person meetup annual events (2 in total, Y3 and Y5) conducted to promote engagement and unlock funding for SMEs												
	3.1.3.1 Virtual global (1/year) and virtual regional events (3/year) to bring ASIF SMEs supported together							\$50,000,00	\$50,000,00		\$50,000,00	UNIDO	
	3.1.3.2 Promotion and dissemination of learnings on climate adaptation and resilience innovation at COP29, COP30, COP31, COP32 and COP33							\$20,000,00	\$20,000,00		\$20,000,00	UNIDO	
sub-total	\$0,00	\$0,00	\$0,00	\$0,00	\$70,000,00	\$80,000,00	\$70,000,00	\$220,000,00	\$0,00	\$220,000,00			
BL 15 Travel to meetings, etc. (from UNIDO PMC for component 3)										\$5,780,40	\$5,780,40	UNIDO	
yearly total			\$30,000,00	\$104,000,00	\$0,00	\$56,000,00	\$125,000,00	\$90,000,00	\$80,000,00	\$485,000,00	\$134,480,40	\$619,480,40	



YEAR 2	Expenditure Category	Detailed Description	Component (USD)								Total (USD)	Responsible Entity	
			Component 1		Component 2		Component 3			Sub-Total			PMC
			Outcome 1		Outcome 2		Outcome 3						
			Output 1.1.1	Output 1.1.2	Output 2.1.1	Output 2.1.2	Output 3.1.1	Output 3.1.2	Output 3.1.3				
BL 21 Contractual services	1.1.1.1 Adaptation SMEs are identified and selected through a global call for applications to the Ignite and included to the startup database	\$10,000,00							\$10,000,00		\$10,000,00	BFA Global	
	1.1.1.2 Deeper due diligence is performed with shortlisted startups for induction into the ASIF Ignite	\$10,000,00							\$10,000,00		\$10,000,00	BFA Global	
	1.1.2.1 Conduct 4 cycles of Ignite for climate adaptation solutions between TRIs 3-4, minimum 20 SMEs supported per cycle (1 cycle has 7 cohorts, total 80 SMEs accelerated over 4 years)		\$195,000,00						\$195,000,00		\$195,000,00	BFA Global	
	2.1.1.1 High impact Adaptation SMEs are identified through a global call for applications to the ASIF Propel and included to the startup database			\$50,000,00					\$50,000,00		\$50,000,00	BFA Global	
	2.1.1.2 Deeper due diligence is performed with shortlisted startups for induction into the ASIF Propel			\$50,000,00					\$50,000,00		\$50,000,00	BFA Global	
	2.1.2.1 Develop and administer the ASIF Propel Investment Catalyser facility, and disburse package of performance based grants and technical support for adaptation SME at TRIs 5-6 (at least 8 SMEs supported per year, atleast 32 SMEs)				\$1,306,000,00				\$1,306,000,00		\$1,306,000,00	BFA Global	
	3.1.1.1. Learning agenda strategy developed so that insights are gathered and lessons captured to benefit the wider ecosystem in developing countries								\$0,00		\$0,00	UNIDO	
	3.1.1.2.1 Podcast on early stage climate adaptation and resilience launched to encourage and motivate new stakeholders to join the sector						\$15,000,00		\$15,000,00		\$15,000,00	UNIDO	
	3.1.1.3 Conduct gender analysis and gender action plan for ASIF						\$0,00		\$0,00		\$0,00	UNIDO	
	3.1.2.1.5 Investor specific knowledge products (gender response and E-RS sustainable) are prepared with relevant stakeholder consultation and analysis							\$10,000,00	\$10,000,00		\$10,000,00	UNIDO	
	3.1.2.2 Investors and SMEs in-person meetup annual events (2 in total, Y3 and Y5) conducted to promote engagement and unlock funding for SMEs								\$0,00		\$0,00	UNIDO	
	3.1.3.1 Virtual global (1/year) and virtual regional events (3/year) to bring ASIF SMEs supported together							\$19,000,00	\$19,000,00		\$19,000,00	UNIDO	
	3.1.3.2 Promotion and dissemination of learnings on climate adaptation and resilience innovation at COP29, COP30, COP31, COP32 and COP33 PMC (for components 1 and 2)							\$10,000,00	\$10,000,00		\$10,000,00	UNIDO	
sub-total	\$20,000,00	\$195,000,00	\$100,000,00	\$1,306,000,00	\$15,000,00	\$10,000,00	\$29,000,00	\$1,675,000,00	\$128,700,00	\$1,803,700,00			
BL 11 International consultants	3.1.1.1. Learning agenda strategy developed so that insights are gathered and lessons captured to benefit the wider ecosystem in developing countries							\$0,00		\$0,00	UNIDO		
	3.1.1.2.1 Podcast on early stage climate adaptation and resilience launched to encourage and motivate new stakeholders to join the sector					\$70,000,00		\$70,000,00		\$70,000,00			
	3.1.1.3 Conduct gender analysis and gender action plan for ASIF							\$0,00		\$0,00			
	3.1.2.1.5 Investor specific knowledge products (gender response and E-RS sustainable) are prepared with relevant stakeholder consultation and analysis						\$80,000,00	\$80,000,00		\$80,000,00			
	3.1.2.2 Investors and SMEs in-person meetup annual events (2 in total, Y3 and Y5) conducted to promote engagement and unlock funding for SMEs							\$0,00		\$0,00			
	3.1.3.1 Virtual global (1/year) and virtual regional events (3/year) to bring ASIF SMEs supported together							\$50,000,00	\$50,000,00		\$50,000,00		
	3.1.3.2 Promotion and dissemination of learnings on climate adaptation and resilience innovation at COP29, COP30, COP31, COP32 and COP33							\$20,000,00	\$20,000,00		\$20,000,00	UNIDO	
sub-total	\$0,00	\$0,00	\$0,00	\$0,00	\$70,000,00	\$80,000,00	\$70,000,00	\$220,000,00	\$0,00	\$220,000,00			
BL 15 Travel to meetings, etc. (from UNIDO PMC for component 3)										\$5,780,40	\$5,780,40	UNIDO	
yearly total			\$20,000,00	\$195,000,00	\$100,000,00	\$1,306,000,00	\$85,000,00	\$90,000,00	\$99,000,00	\$1,895,000,00	\$134,480,40	\$2,029,480,40	

YEAR 3	Expenditure Category	Detailed Description	Component (USD)							Sub-Total	PMC	Total (USD)	Responsible Entity	
			Component 1		Component 2		Component 3							
			Outcome 1		Outcome 2		Outcome 3							
			Output 1.1.1	Output 1.1.2	Output 2.1.1	Output 2.1.2	Output 3.1.1	Output 3.1.2	Output 3.1.3					
BL 21 Contractual services	1.1.1.1 Adaptation SMEs are identified and selected through a global call for applications to the Ignite and included to the startup database	\$10,000,00								\$10,000,00		\$10,000,00	BFA Global	
	1.1.1.2 Deeper due diligence is performed with shortlisted startups for induction into the ASIF Ignite	\$10,000,00								\$10,000,00		\$10,000,00	BFA Global	
	1.1.2.1 Conduct 4 cycles (1 cycle/year) of the ASIF Ignite Growth Accelerator for climate adaptation solutions between TRIs 3-4, minimum 20 SMEs supported per cycle (total 80 SMEs are created over 4 years)		\$195,000,00								\$195,000,00		\$195,000,00	BFA Global
	2.1.1.1 High impact Adaptation SMEs are identified through a global call for applications to the ASIF Propel and included to the startup database			\$50,000,00							\$50,000,00		\$50,000,00	BFA Global
	2.1.1.2 Deeper due diligence is performed with shortlisted startups for induction into the ASIF Propel			\$50,000,00							\$50,000,00		\$50,000,00	BFA Global
	2.1.2.1 Develop and administer the ASIF Propel Investment Catalyser facility, and disburse package of performance based grants and technical support for adaptation SME at TRIs 5-6 (at least 8 SMEs supported per year, atleast 32 SMEs)				\$1,306,000,00						\$1,306,000,00		\$1,306,000,00	BFA Global
	3.1.1.1. Learning agenda strategy developed so that insights are gathered and lessons captured to benefit the wider ecosystem in developing countries													
	3.1.1.2.1 Podcast on early stage climate adaptation and resilience launched to encourage and motivate new stakeholders to join the sector						\$15,000,00				\$15,000,00		\$15,000,00	UNIDO
	3.1.1.3 Conduct gender analysis and gender action plan for ASIF													
	3.1.2.1.5 Investor specific knowledge products (gender response and E-RS sustainable) are prepared with relevant stakeholder consultation and analysis							\$10,000,00			\$10,000,00		\$10,000,00	UNIDO
	3.1.2.2. Investors and startups meetup annual events (atleast 5 in Total) conducted to promote engagement and unlock funding for startups							\$250,000,00			\$250,000,00		\$250,000,00	UNIDO
	3.1.3.1 Virtual global (1/year) and hybrid regional events (3/year) to bring ASIF SMEs supported together								\$19,000,00		\$19,000,00		\$19,000,00	UNIDO
3.1.3.2 Promotion and dissemination of learnings on climate adaptation and resilience innovation at COP29, COP30, COP31, COP32 and COP33 PMC (for components 1 and 2)								\$10,000,00		\$10,000,00		\$10,000,00	UNIDO	
sub-total	\$20,000,00	\$195,000,00	\$100,000,00	\$1,306,000,00	\$15,000,00	\$260,000,00	\$29,000,00		\$1,925,000,00	\$128,700,00	\$2,053,700,00			
BL 11 International consultants	3.1.1.1. Learning agenda strategy developed so that insights are gathered and lessons captured to benefit the wider ecosystem in developing countries													
	3.1.1.2.1 Podcast on early stage climate adaptation and resilience launched to encourage and motivate new stakeholders to join the sector					\$70,000,00				\$70,000,00		\$70,000,00	UNIDO	
	3.1.1.3 Conduct gender analysis and gender action plan for ASIF													
	3.1.2.1.5 Investor specific knowledge products (gender response and E-RS sustainable) are prepared with relevant stakeholder consultation and analysis						\$40,000,00			\$40,000,00		\$40,000,00	UNIDO	
	3.1.2.2. Investors and SMEs in-person meetup annual events (2 in total, Y3 and Y5) conducted to promote engagement and unlock funding for SMEs						\$40,000,00			\$40,000,00		\$40,000,00	UNIDO	
	3.1.3.1 Virtual global (1/year) and virtual regional events (3/year) to bring ASIF SMEs supported together							\$50,000,00		\$50,000,00		\$50,000,00	UNIDO	
	3.1.3.2 Promotion and dissemination of learnings on climate adaptation and resilience innovation at COP29, COP30, COP31, COP32 and COP33							\$20,000,00		\$20,000,00		\$20,000,00	UNIDO	
sub-total	\$0,00	\$0,00	\$0,00	\$0,00	\$70,000,00	\$80,000,00	\$70,000,00		\$220,000,00	\$0,00	\$220,000,00			
BL 15 Travel to meetings, etc. (from UNIDO PMC for component 3)										\$5,780,40	\$5,780,40	UNIDO		
yearly total			\$20,000,00	\$195,000,00	\$100,000,00	\$1,306,000,00	\$85,000,00	\$340,000,00	\$99,000,00	\$2,145,000,00	\$134,480,40	\$2,279,480,40		

YEAR 4	Expenditure Category	Detailed Description	Component (USD)								Total (USD)	Responsible Entity		
			Component 1		Component 2		Component 3			Sub-Total			PMC	
			Outcome 1		Outcome 2		Outcome 3							
			Output 1.1.1	Output 1.1.2	Output 2.1.1	Output 2.1.2	Output 3.1.1	Output 3.1.2	Output 3.1.3					
BL 21 Contractual services	1.1.1.1 Adaptation SMEs are identified and selected through a global call for applications to the Ignite and included to the startup database	\$10,000,00								\$10,000,00		\$10,000,00	BFA Global	
	1.1.1.2 Deeper due diligence is performed with shortlisted startups for induction into the ASIF Ignite	\$10,000,00								\$10,000,00		\$10,000,00	BFA Global	
	1.1.2.1 Conduct 4 cycles (1 cycle/year) of the ASIF Ignite Growth Accelerator for climate adaptation solutions between TRIs 3-4, minimum 20 SMEs supported per cycle (total 80 SMEs are created over 4 years)		\$195,000,00								\$195,000,00		\$195,000,00	BFA Global
	2.1.1.1 High impact Adaptation SMEs are identified through a global call for applications to the ASIF Propel and included to the startup database			\$50,000,00							\$50,000,00		\$50,000,00	BFA Global
	2.1.1.2 Deeper due diligence is performed with shortlisted startups for induction into the ASIF Propel			\$50,000,00							\$50,000,00		\$50,000,00	BFA Global
	2.1.2.1 Develop and administer the ASIF Propel, and disburse package of performance-based grants and technical support for adaptation SME at TRIs 5-6 (at least 8 SMEs supported per year, at least 32 SMEs supported in total)				\$1,306,000,00						\$1,306,000,00		\$1,306,000,00	BFA Global
	3.1.1.1 Learning agenda strategy developed so that insights are gathered and lessons captured to benefit the wider ecosystem in developing countries													
	3.1.1.2.1 Podcast on early stage climate adaptation launched to encourage and motivate new stakeholders to join the sector					\$15,000,00					\$15,000,00		\$15,000,00	UNIDO
	3.1.1.3 Conduct gender analysis and gender action plan for ASIF													
	3.1.2.1.5 Investor specific knowledge products (gender response and E-RS sustainable) are prepared with relevant stakeholder consultation and analysis							\$10,000,00			\$10,000,00		\$10,000,00	UNIDO
	3.1.2.2 Investors and startups meetup annual events (at least 5 in Total) conducted to promote engagement and unlock funding for startups													
	3.1.3.1 Virtual global (1/year) and hybrid regional events (3/year) to bring ASIF SMEs supported together								\$19,000,00		\$19,000,00		\$19,000,00	UNIDO
	3.1.3.2 Promotion and dissemination of learnings on climate adaptation and resilience innovation at COP29, COP30, COP31, COP32 and COP33 PMC (for components 1 and 2)								\$10,000,00		\$10,000,00		\$10,000,00	UNIDO
	sub-total	\$20,000,00	\$195,000,00	\$100,000,00	\$1,306,000,00	\$15,000,00	\$10,000,00	\$29,000,00	\$1,675,000,00	\$128,700,00	\$1,803,700,00			
BL 11 International consultants	3.1.1.1 Learning agenda strategy developed so that insights are gathered and lessons captured to benefit the wider ecosystem in developing countries													
	3.1.1.2.1 Podcast on early stage climate adaptation and resilience launched to encourage and motivate new stakeholders to join the sector					\$70,000,00				\$70,000,00		\$70,000,00	UNIDO	
	3.1.1.3 Conduct gender analysis and gender action plan for ASIF													
	3.1.2.1.5 Investor specific knowledge products (gender response and E-RS sustainable) are prepared with relevant stakeholder consultation and analysis						\$80,000,00			\$80,000,00		\$80,000,00	UNIDO	
	3.1.2.2 Investors and SMEs in-person meetup annual events (2 in total, Y3 and Y5) conducted to promote engagement and unlock funding for SMEs													
	3.1.3.1 Virtual global (1/year) and virtual regional events (3/year) to bring ASIF SMEs supported together							\$50,000,00			\$50,000,00		\$50,000,00	UNIDO
	3.1.3.2 Promotion and dissemination of learnings on climate adaptation and resilience innovation at COP29, COP30, COP31, COP32 and COP33							\$20,000,00			\$20,000,00		\$20,000,00	UNIDO
sub-total	\$0,00	\$0,00	\$0,00	\$0,00	\$70,000,00	\$80,000,00	\$70,000,00	\$220,000,00	\$0,00	\$220,000,00				
BL 15 Travel to meetings, etc. (from UNIDO PMC for component 3)										\$5,780,40	\$5,780,40	UNIDO		
yearly total			\$20,000,00	\$195,000,00	\$100,000,00	\$1,306,000,00	\$85,000,00	\$90,000,00	\$99,000,00	\$1,895,000,00	\$134,480,40	\$2,029,480,40		

YEAR 5	Expenditure Category	Detailed Description	Component (USD)							Sub-Total	PMC	Total (USD)	Responsible Entity		
			Component 1		Component 2		Component 3								
			Outcome 1		Outcome 2		Outcome 3								
			Output 1.1.1	Output 1.1.2	Output 2.1.1	Output 2.1.2	Output 3.1.1	Output 3.1.2	Output 3.1.3						
BL 21 Contractual services	1.1.1.1	Adaptation SMEs are identified and selected through a global call for applications to the Ignite and included to the startup database	\$10,000,00								\$10,000,00		\$10,000,00	BFA Global	
	1.1.1.2	Deeper due diligence is performed with shortlisted startups for induction into the ASIF Ignite	\$10,000,00								\$10,000,00		\$10,000,00	BFA Global	
	1.1.2.1	Conduct 4 cycles (1 cycle/year) of the ASIF Ignite for climate adaptation solutions between TRUs 3-4, minimum 20 SMEs supported per cycle (total 80 SMEs are iterated over 4 years)		\$101,000,00							\$101,000,00		\$101,000,00	BFA Global	
	2.1.1.1	High impact Adaptation SMEs are identified through a global call for applications to the ASIF Propel and included to the startup database			\$25,000,00						\$25,000,00		\$25,000,00	BFA Global	
	2.1.1.2	Deeper due diligence is performed with shortlisted startups for induction into the ASIF Propel			\$25,000,00						\$25,000,00		\$25,000,00	BFA Global	
	2.1.2.1	Develop and administer the ASIF Propel facility, and disburse package of performance-based grants and technical support for adaptation SME at TRUs 5-6 (at least 8 SMEs supported per year, at least 32 SMEs supported in total)				\$1,306,000,00					\$1,306,000,00		\$1,306,000,00	BFA Global	
	3.1.1.1	Learning agenda strategy developed so that insights are gathered and lessons captured to benefit the wider ecosystem in developing countries													
	3.1.1.2.1	Podcast on early stage climate adaptation launched to encourage and motivate new stakeholders to join the sector					\$15,000,00				\$15,000,00		\$15,000,00	UNIDO	
	3.1.1.3	Conduct gender analysis and gender action plan for ASIF													
	3.1.2.1.5	Investor specific knowledge products (gender response and E-RS sustainable) are prepared with relevant stakeholder consultation and analysis						\$10,000,00			\$10,000,00		\$10,000,00	UNIDO	
	3.1.2.2	Investors and startups meetup annual events (at least 5 in Total) conducted to promote engagement and unlock funding for startups						\$250,000,00			\$250,000,00		\$250,000,00	UNIDO	
	3.1.3.1	Virtual global (1/year) and hybrid regional events (3/year) to bring ASIF SMEs supported together							\$19,000,00		\$19,000,00		\$19,000,00	UNIDO	
	3.1.3.2	Promotion and dissemination of learnings on climate adaptation and resilience innovation at COP29, COP30, COP31, COP32 and COP33 PMC (for components 1 and 2)							\$15,779,00		\$15,779,00		\$15,779,00	UNIDO	
	sub-total	\$20,000,00	\$101,000,00	\$50,000,00	\$1,306,000,00	\$15,000,00	\$260,000,00	\$34,779,00	\$1,786,779,00	\$128,700,00	\$1,915,479,00				
BL 11 International consultants	3.1.1.1	Learning agenda strategy developed so that insights are gathered and lessons captured to benefit the wider ecosystem in developing countries													
	3.1.1.2.1	Podcast on early stage climate adaptation and resilience launched to encourage and motivate new stakeholders to join the sector					\$70,000,00			\$70,000,00		\$70,000,00	UNIDO		
	3.1.1.3	Conduct gender analysis and gender action plan for ASIF													
	3.1.2.1.5	Investor specific knowledge products (gender response and E-RS sustainable) are prepared with relevant stakeholder consultation and analysis						\$40,000,00			\$40,000,00		\$40,000,00	UNIDO	
	3.1.2.2	Investors and SMEs in-person meetup annual events (2 in total, Y3 and Y5) conducted to promote engagement and unlock funding for SMEs						\$40,000,00			\$40,000,00		\$40,000,00	UNIDO	
	3.1.3.1	Virtual global (1/year) and virtual regional events (3/year) to bring ASIF SMEs supported together							\$50,000,00		\$50,000,00		\$50,000,00	UNIDO	
3.1.3.2	Promotion and dissemination of learnings on climate adaptation and resilience innovation at COP29, COP30, COP31, COP32 and COP33							\$20,000,00		\$20,000,00		\$20,000,00	UNIDO		
	sub-total	\$0,00	\$0,00	\$0,00	\$0,00	\$70,000,00	\$80,000,00	\$70,000,00	\$220,000,00	\$0,00	\$220,000,00				
BL 15 Travel to meetings, etc. (from UNIDO PMC for component 3)										\$5,780,40	\$5,780,40		UNIDO		
yearly total			\$20,000,00	\$101,000,00	\$50,000,00	\$1,306,000,00	\$85,000,00	\$340,000,00	\$104,779,00	\$2,006,779,00	\$134,480,40	\$2,141,259,40			

# UNIDO Climate Adaptation Impact Hypothesis

## 1. Introduction

The UNIDO Climate Adaptation Impact Hypothesis is a comprehensive set of considerations that can estimate the impact potential of a proposed adaptation solution. It also takes into account Environmental and Social Safeguards Policies and Procedures (ESSPP) of UNIDO and the Adaptation Fund.

According to the UNIDO Environmental and Social Safeguards Policy and Procedures (ESSPP), the proposed ASIF is likely to have minimal or no adverse social and/or environmental impacts and as such has been categorized as a Category C project. While no further specific environmental and/or social assessment is required when preparing this project, the project will fully mainstream ESS considerations into its design. This will be achieved through the development of an Environmental and Social Management Framework (ESMF). The ESMF will guide the E&S risk screenings for any subprojects that may arise as a result of this project. Projects that centre on the setting-up of financial mechanisms, accelerator/incubator schemes, business models and the like are classified as Category C under UNIDO ESSPP (p. 10). The design of selection criteria for such mechanisms/schemes/models should include ESS considerations, in line with the requirements set out in the ESSPP<sup>1</sup>. This ensures that the resulting proposal, investment, and project submissions towards the said mechanisms/schemes/models undergo separate environmental and social screenings and assessments.

## 2. ESMF background

### 2.1 Purpose of the ESMF and key objectives

UNIDO Environmental and Social Safeguards Policy and Procedures (ESSPP) require that all UNIDO projects and any subsequent subprojects<sup>2</sup> that result from UNIDO projects, e.g. from those that set up financial mechanisms, accelerator/incubator schemes, business models and the like, undergo environmental and social risk (E&S) assessments. This is to ensure that proposals, investments, and project submissions resulting from the said mechanisms/schemes/models do not pose any negative impacts or risks on their social and natural environments. The Environmental and Social Management Framework (ESMF) is a framework that describes procedures and tools to manage the potential impacts of forthcoming but yet undefined projects (“subprojects”).

The ESMF is a plan for steps to:

- (i) determine the appropriate environmental and social risk category of a proposed subproject,
- (ii) decide whether a subproject should be supported/selected (subprojects that would categorize as NO PROJECT<sup>3</sup> are non-compliant with UNIDO’s ESSPP)

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<sup>1</sup> Selected financial intermediaries are expected to have their own environmental and social management systems in place in order to address any identified ESS risks, and to meet a level of acceptable compliance with the requirements of the ESSPP

<sup>2</sup> A “subproject” is the ultimate project or activity that is supported through any intervention, investment or mechanism implemented by UNIDO, regardless of whether the project is directly executed by UNIDO, or another Project Implementing Entity, or any sub entity.

<sup>3</sup> Projects that are likely to infringe on the protection of a critical habitats; involve invasive, nonindigenous alien species or chemicals subject to international bans; projects that cause involuntarily resettlement or physical and

- (iii) assess whether any additional environmental and social assessments (e.g., ESIA, ESMP, or FPIC) will be needed for subprojects, on a case-by-case basis.

## 2.2 Project description

UNIDO proposes to establish the Adaptation Small to Medium-Scale Enterprises (SMEs) Innovation Facility (ASIF) that will unlock the role of the private sector in the emergence, development and adoption of high-impact climate adaptation solutions to directly benefit vulnerable communities. The Facility will support adaptation SMEs to engage communities in the processes of creating, testing, and deploying adaptation solutions. Through an open innovation process, selected adaptation SMEs in seed stages will first receive targeted and bespoke business development and growth technical expertise. Those that reach early growth stage, will then receive performance-based grants as well as specialised technical assistance to deploy their solution to specific vulnerable communities as well as furthering product research with users, tech, data, marketing, partnerships, and more. This targeted intervention will accelerate the maturity of climate adaptation solutions by bringing them to levels of revenue generation and impact and equip them to engage with follow-on investors and support mechanisms. These two interventions are carefully designed to encourage more risk-taking by adaptation SMEs and stimulate the scaling up and replication of high-impact innovations. This supports AFCIA's goal to encourage and accelerate new innovations, develop innovative adaptation practices, tools, and technologies, and generate evidence of effective, efficient adaptation practices, products, and technologies.

ASIF will unlock the role of the private sector in the emergence, deployment, and adoption of innovative climate adaptation solutions to vulnerable communities. The Facility comprises of three components, namely:

- **Component 1: Ignite that** provides business growth support for adaptation SMEs at Technology Readiness Levels TRLs 3-4/ Business Readiness Levels BRL 2-4;
- **Component 2: Propel that** disburses mile-stone based grant financing and bespoke technical assistance to adaptation SMEs at TRLs 5-7/BRL 5-7 so that they deploy their solutions to vulnerable communities; and
- **Component 3: Knowledge and Learning** mechanism, capturing, documenting, and sharing the insights gained from supporting adaptation SMEs

## 2.3 Challenges overcome by this project

One of the main gaps lies in the limited access to finance for adaptation SMEs. Currently, many of these enterprises face challenges in securing the necessary funding to develop and scale their climate adaptation solutions. The current situation lacks dedicated funding mechanisms that provide patient capital, grants, and concessional loans specifically tailored to the needs of adaptation SMEs. Bridging this gap requires the establishment of innovative financing instruments and mechanisms that reduce the risk perception associated with investing in climate adaptation [SMEs](#). Another significant gap is the lack of comprehensive support and enabling environments for adaptation SMEs. While there are some initiatives and programs in place, they often focus on specific aspects of support or operate in isolation. The desired situation calls for a more coordinated approach that encompasses the entire innovation ecosystem, including technical assistance, mentoring, business development support, and access to markets. Currently, there is a gap in providing tailored support services that cater to the unique challenges and needs of adaptation SMEs at different stages of their growth. Additionally, the current situation lacks sufficient mainstreaming of adaptation into broader development strategies and policies. While climate change is increasingly recognized as a pressing issue, there is a need for stronger integration of climate resilience considerations into national development plans, sectoral policies, and investment frameworks. The desired situation aims to bridge this gap by aligning policies,

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economic displacement of populations; that alter or damage cultural heritage sites, or that use forced, trafficked or child labour are no-compliant with UNIDO ESSPP

incentives, and regulatory frameworks to promote and reward climate adaptation efforts by SMEs. This requires a shift towards a more holistic and integrated approach that recognizes the importance of climate resilience in achieving sustainable and inclusive development. Furthermore, the current situation exhibits disparities in terms of access to support and opportunities for adaptation SMEs, particularly in developing countries, LDCs, and SIDS. There is a gap in the mobilization of targeted finance that specifically addresses the needs of these regions and supports SMEs in vulnerable communities. The desired situation seeks to bridge this gap by mobilizing adequate and targeted adaptation finance from development partners, international financial institutions, and the private sector. Increased investments in adaptation, with a focus on marginalized groups and climate hazard-prone regions, are essential to ensure that no one is left behind in the transition to a climate-resilient future. Lastly, the current situation lacks sufficient collaboration and partnerships among stakeholders. While there are pockets of collaboration, there is a need for stronger cooperation among governments, international organizations, academia, civil society, and the private sector.

ASIF will leverage the collective expertise, resources, and networks of various stakeholders and work to bridge the gap and create a supportive ecosystem that empowers these enterprises to thrive and maximize their impact.

#### 2.4 Policy legal and Administrative Framework

The project and subsequent subprojects will be implemented in compliance with national laws and relevant international standards across the project's target countries. The project's compliance with local and national environmental and social laws will form part of the selection criteria for subprojects. In addition, the ESMF is in line with AI/2021/03 - UNIDO Environmental and Social Safeguards Policies and Procedures (ESSPP) and the 15 principles of the Adaptation Fund's Environmental and Social Policy (AF ESP). In case of conflicts between regulations outlined in ESSPP, AF ESP and national legislation, preference will be given to national environmental and social regulations so long as they meet the level and requirements of UNIDO ESSPP, AF ESP and other best practices of other international organisations. In addition, international legal frameworks and ILO standards e.g., [ILO Standard on Occupational Health and Safety](#), or [Convention of CI 181](#) and relevant international industry best practices from other organisations regarding ESS in project-specific sectors can be consulted.

- **Principle 1: Compliance with the Law:** Projects/programmes supported by the Fund shall be in compliance with all applicable domestic and international law  
*The project's compliance with local and national environmental and social laws will form part of the selection criteria for subproject.*
- **Principle 2: Access and Equity:** Projects/programmes supported by the Fund shall provide fair and equitable access to benefits in a manner that is inclusive and does not impede access to basic health services, clean water and sanitation, energy, education, housing, safe and decent working conditions, and land rights. Projects/programmes should not exacerbate existing inequities, particularly with respect to marginalized or vulnerable groups.  
*The process of allocating access to ASIF benefits should be fair and impartial. A fair process treats people equally without favouritism or discrimination, and an impartial process treats all rivals or disputants equally. Furthermore, ASIF will be designed and implemented in a way that will not impede access of any group to the essential services and rights mentioned*
- **Principle 3: Marginalized and Vulnerable Groups:** Projects/programmes supported by the Fund shall avoid imposing any disproportionate adverse impacts on marginalized and vulnerable groups including children, women and girls, the elderly, indigenous people, tribal groups, displaced people, refugees, people living with disabilities, and people living with



HIV/AIDS. In screening any proposed project/programme, the implementing entities shall assess and consider particular impacts on marginalized and vulnerable groups

*ASIF will aim to bring climate adaptation benefits to at least 69,729 direct beneficiaries in vulnerable communities through the grant disbursement of USD 5.63 million under Propel. The climate impacts faced by these vulnerable population will be analysed and the products and services will be tuned to meet the relevant local vulnerable population's needs. They will also need to be monitored over time.*

- **Principle 4: Human Rights:** Projects/programmes supported by the Fund shall respect and where applicable promote international human rights.  
*Promotion of human rights in ASIF will be achieved by creating awareness with all involved in the project operations, including design, execution, monitoring, and evaluation, about the Universal Declaration of Human Rights as an overarching principle in the implementation of the project.*
- **Principle 5: Gender Equality and Women's Empowerment:** Projects/programmes supported by the Fund shall be designed and implemented in such a way that both women and men 1) have equal opportunities to participate as per the Fund gender policy; 2) receive comparable social and economic benefits; and 3) do not suffer disproportionate adverse effects during the development process.  
*The project aims for at least 35% women-led [SMEs](#), 40% with women in leadership team and 25% of [SMEs](#) products/services that target women, promoting gender equality and inclusivity.*
- **Principle 6: Core Labour Rights:** Projects/programmes supported by the Fund shall meet the core labour standards as identified by the International Labour Organization  
*During the identification of the adaptation SMEs to be supported under the project, as part of the Climate Adaptation Impact Hypothesis to be developed during the full proposal stage, a screening measure will be placed to ensure that no technologies that may have adverse impacts of pollution on human health and the environment are selected. Risks of COVID-19 will be duly considered in the implementation and execution of the project and subproject activities and all the necessary prevention and mitigation measures will be taken to avoid any risks including using personal protective equipment, physical distancing, hygiene, cleaning and disinfection, ventilation and other administrative and engineering controls while following local and international guidelines*
- **Principle 7: Indigenous Peoples:** The Fund shall not support projects/programmes that are inconsistent with the rights and responsibilities set forth in the UN Declaration on the Rights of Indigenous Peoples and other applicable international instruments relating to indigenous peoples. (Not applicable)
- **Principle 8: Involuntary Resettlement:** Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids or minimizes the need for involuntary resettlement. When limited involuntary resettlement is unavoidable, due process should be observed so that displaced persons shall be informed of their rights, consulted on their options, and offered technically, economically, and socially feasible resettlement alternatives or fair and adequate compensation. (Not applicable)
- **Principle 9: Protection of Natural Habitats:** The Fund shall not support projects/programmes that would involve unjustified conversion or degradation of critical natural habitats, including those that are (a) legally protected; (b) officially proposed for protection; (c) recognized by authoritative sources for their high conservation value, including as critical habitat; or (d) recognized as protected by traditional or indigenous local communities



*The project intends to promote innovative climate adaptation and resilience solutions that will enhance their competitiveness in the market. In order to avoid negative impacts on natural habitats, the project will consider the integrity of proposed climate resilience solutions by developing a project-level Climate Adaptation Impact Hypothesis applicable for Ignite and Propel during the full proposal stage. The Climate Adaptation Impact hypothesis principles and E&S Selection criteria will be applied when selecting individual SMEs (i.e. sub-projects). As such E&S sustainability E&S considerations will be incorporated into the process of accelerator and investor guidance*

- **Principle 10: Conservation of Biological Diversity:** Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids any significant or unjustified reduction or loss of biological diversity or the introduction of known invasive species.

*ASIF will use a precautionary and ecosystem-centred approach to natural resource conservation and management to ensure opportunities for environmentally sustainable development. The safeguard reflects the importance of biodiversity and the value of key ecosystems to the population, emphasizing the need to respect, conserve and maintain the knowledge, innovations and practices of indigenous and local communities, and to protect and encourage customary use of biological resources in accordance with traditional cultural practices that are compatible with conservation or sustainable use requirements.*

- **Principle 11: Climate change:** Projects/programmes supported by the Fund shall not result in any significant or unjustified increase in greenhouse gas emissions or other drivers of climate change.

*This project is a climate adaptation and resilience project. Efforts have been incorporated to avoid maladaptation. The impact generated by the sub-projects will be tracked and monitored over time.*

- **Principle 12: Pollution Prevention and Resource Efficiency** Projects/programmes supported by the Fund shall be designed and implemented in a way that meets applicable international standards for maximizing energy efficiency and minimizing material resource use, the production of wastes, and the release of pollutants

*During the identification of the adaptation SMEs to be supported under the project, as part of the Climate Adaptation Impact Hypothesis to be developed during the full proposal stage, a screening measure will be placed to ensure that no technologies that may have adverse impacts of pollution on human health and the environment are selected.*

- **Principle 13: Public Health** Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids potentially significant negative impacts on public health.

The identified and selected innovative climate adaptation SMEs' solutions may be deployed in the market, as means to to avoid an increase of communities' and beneficiaries' exposure to climate-induced health, safety and security risks and impacts,. As such, the project will consider the integrity of proposed climate resilience solutions applying selection criteria, including E&S sustainability principles, which will be specified in the Climate Adaptation Impact Hypothesis. As such E&S sustainability considerations will be incorporated into the process of Ignite, Propel and investor guidance.

- **Principle 14: Physical and Cultural Heritage** Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids the alteration, damage, or removal of any physical cultural resources, cultural sites, and sites with unique natural values recognized as such at the community, national or international level. Projects/programmes should also not permanently interfere with existing access and use of such physical and cultural resources. (Not applicable)

- Principle 15: Lands and Soil Conservation** Projects/programmes supported by the Fund shall be designed and implemented in a way that promotes soil conservation and avoids degradation or conversion of productive lands or land that provides valuable ecosystem services

*Principle 15: ASIF will promote soil conservation and avoid supporting projects that would relate to the degradation or conversion of valuable lands. This applies to soils and lands directly affected by the project/programme as well as those influenced indirectly, or as a secondary or cumulative effect. Soil conservation should be incorporated in project/programme design and implementation*

By duly incorporating the environmental and social considerations into the mechanism for selecting projects to be supported under AFCIA, as outlined in this Impact Hypothesis, the project will ensure that the selected **SMEs** do not pose any environmental or social risks. As such, the proposed project is likely to have minimal or no adverse social and/or environmental impacts and has been categorized as a Category C project. An ESS expert who will be part of the ASIF Implementing partner team will support the selection and **SMEs** in applying the requirements of the applicable UNIDO ESSPP Operational Safeguards, as well as Adaptation Fund ESP Principles listed above, thereby following industry best-practices. This will be done by incorporating the E&S safeguards and principles into the training curricula for SMEs.

### 3. ESMF tools and procedures

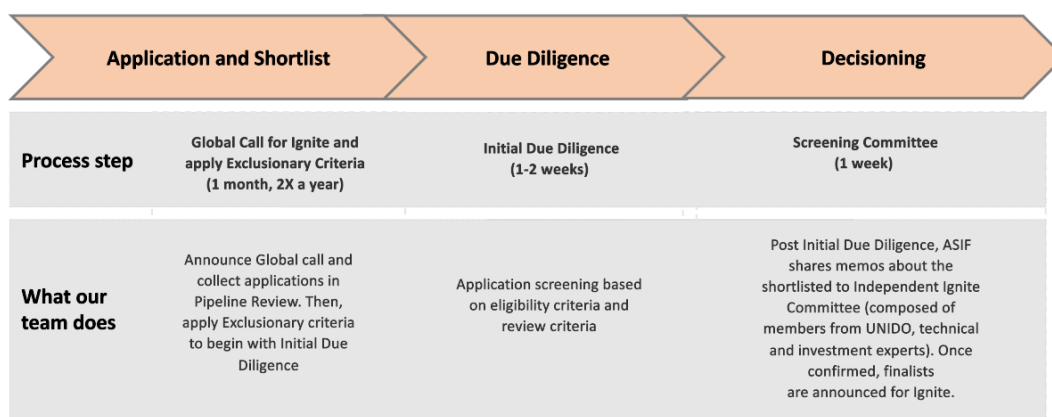
#### 3.1 Overview of SMEs sourcing and selection process

To avoid negative environmental and social impacts arising from SMEs, ESS considerations have been mainstreamed in existing SME sourcing and selection processes of Ignite and Propel, especially by applying exclusionary criteria, including safeguarding steps in the initial (Ignite and Propel) and deeper due diligence processes (Propel).

Below is a summary of the various steps the ASIF Team takes to source and select SMEs for Ignite and Propel.

### Climate Adaptation Impact Hypothesis for Ignite

## Application and Shortlist, Diligence, Decisioning for Ignite



## 3.2 Safeguarding steps at the application stage for Ignite

### Identifying relevant climate adaptation solutions for Ignite

A global call will be announced for Ignite under Component 1. The application form will take a self-assessment approach. During the call for applications period, an awareness raising campaign will be conducted. To enhance the quality of applications received, the awareness raising campaign will also include webinars and online help centers etc. to support applicants in completing the application form and the adaptation impact hypothesis. Applicants will be encouraged to participate in the webinars and utilize online help centers, to ensure that relevant and accurate information are provided.

When shortlisting SMEs during Pipeline Review, the ASIF team will apply the following exclusion criteria to identify any immediate flags that may disqualify the company from further assessment.

#### Exclusion criteria

ASIF will not provide support of any kind for the following project types as listed below: In addition, compliance requirement applicable at this stage to UNIDO Environmental and Social Safeguards Policies and Procedures (ESSPP) and the 15 principles of the Adaptation Fund's Environmental and Social Policy as highlighted in Pages 3-6 will be duly considered, factoring in all available information (AF ESP).

1. Non-renewable fossil fuel power plant construction, extension or operation;
2. Coal, oil and gas exploration, export transportation, production or distribution;
3. Switching from one non-renewable fossil fuel to another non-renewable fossil fuel in standalone grid-connected electricity generation plants;
4. Hybrid power systems (including biomass/fossil fuel co-firing systems) except in accordance with the Environmental and Social Policies and Procedures;
5. The production of nitrous oxide/NOx (except in connection with waste and biomass projects) or the production of hydrofluorocarbons;
6. Nuclear energy generation; and
7. Any activities that could reasonably be expected, at the time such support is given, to cause a significant negative overall impact on the environment and/or increase greenhouse gas emissions.
8. Production or activities involving harmful or exploitative forms of forced labour or child labour;
9. Production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phaseouts or bans, including but not limited to (a) pharmaceuticals, pesticides, and herbicides, (b) ozone-depleting substances, (c) polychlorinated biphenyls and other hazardous chemicals, (d) wildlife or wildlife products regulated under the convention on international trade in endangered species of wild fauna and flora, and (e) trans-boundary trade in waste or waste products;
10. Production of or trade in weapons and munitions, including paramilitary materials;
11. Production of or trade in alcoholic beverages, excluding beer and wine;
12. Production of or trade in tobacco;
13. Gambling, casinos, and equivalent enterprises;

14. Production of or trade in radioactive materials, including nuclear reactors and components or uses banned pesticides and/or chemicals thereof;
15. Production of, trade in, or use of un-bonded asbestos fibres;
16. Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests; and
17. Marine and coastal fishing practices, harmful to vulnerable and protected species in large numbers or damaging to marine biodiversity, including but not limited to large-scale pelagic drift net fishing, fine mesh net fishing and blast fishing.
18. Genetically modified organisms.
19. Any project activities that are likely to alter, damage, or remove any cultural heritage and/or sites.
20. Any project causes involuntary resettlement or physical and economic displacement
21. Any project infringing on the protection of critical habitats and protected areas, or introducing potentially invasive, non-indigenous alien species
22. Any project complicit in human rights abuses

### 3.3.1 Initial Due Diligence (IDD)

Those that have passed the exclusionary criteria will be shortlisted for the initial due diligence phase. Each SME will be assessed against the Climate adaptation impact hypothesis (**See Annex 1**) for Ignite.

#### **Annex 1 Draft application form for Ignite**

Please note that this is a draft, and the application form and the review criteria will be further refined with inputs from financial and investment experts upon approval of the Facility.

#### **Climate Adaptation Impact Hypothesis for Ignite**

<b>Date of application</b>	DD/MM/YYYY
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<b>A. Applicant Information</b>			
A1. Name of Applicant	First Name	Last Name	Mr./Ms.
A2. Applicant Email Address			
A3. Position in the company			
A4. When did you join the company?	MM/YYYY		

<b>B. Company Information</b>			
B1. Name of company			
B2. Location of HQ	City		
	Country		
B3. Name of company founder or CEO	First Name	Last Name	Mr./Ms.
	Is your business founded or co-founded by a woman?		

	<ul style="list-style-type: none"> <li>• Yes</li> <li>• No</li> </ul>	
B4. Year of company founded	YYYY	
B5. Is your company registered / incorporated?	If yes, when? If not, when is the projected timeline of company registration/incorporation? MM/YYYY	
B6. No. of company employees at the time of application	No. of full-time women employees	No. of full-time men employees
	No. of part-time women employees	No. of part-time men employees
B7. Business' offering of products/services that target women)	<ul style="list-style-type: none"> <li>• Does your business integrate a significant share of women (<math>\geq 40\%</math>) into your value chain as retailers, distributors or suppliers?</li> <li>• If yes, how do you integrate women into your value chain? Choose all that apply: Customer; Supplier; Distributor; Retailer</li> <li>• Explain if your technology, product or service specifically targets or benefits female customers and users? Do you pay special attention to female customers' needs, preferences or behaviors?</li> </ul>	
B8. Company Office Address		
B9. Company Email Address		
B10. Company Telephone		
B11. Company Website		

### C. Adaptation Solution

Please note that all information provided will be kept confidential, and will only be used for the purposes of assessing whether your adaptation solution will benefit from participating in the ASIF Growth Accelerator (Ignite)

C1. Name of solution and type (Climate Adaptation product/service or Climate Adaptation Intelligence)	
C2. Sector	<p>In which of the below sector(s) does your solution provide adaptation benefits? Please check all that apply.</p> <p><input type="checkbox"/> 1. Food and Agriculture Value chain</p> <p><input type="checkbox"/> 2. Financial services</p> <p><input type="checkbox"/> 3. Blue Economy</p> <p><input type="checkbox"/> 4. Urban Adaptation and resilience</p> <p><input type="checkbox"/> 5. Health</p>
C3. What is the main climate risk/hazard your solution addresses?	<p>What is the problem for your customers or beneficiaries that is caused by climate change and that your business solution or innovation tackles? Please describe in 50 to 100 words.</p> <p><i>For example, key climate hazards are extreme temperature, extreme precipitation, drought, wildfire, wind threats, river flooding and coastal flooding.</i></p>

<p>C4. What is the climate adaptation benefit of your solution?</p>	<p>How does your business solution or innovation solve or address the climate change problem for your customers or beneficiaries? How does your business solution or innovation help your customers or beneficiaries adapt or build resilience to the problem caused by climate change? Please describe in 50 to 100 words.</p> <p><i>For example, how does your product/service/intelligence solution decrease exposure and/or vulnerability to the climate hazard identified above</i></p>
<p>C5. What is your innovation?</p>	<p>Please describe how your solution is different from other existing solutions in 50 to 100 words.</p>
<p>C6. Who is your target customer?</p>	<ul style="list-style-type: none"> <li>• Who is your ideal pilot customer?</li> <li>• Where is this customer located? If there is a geographical location/community that your adaptation solution would be most relevant to, please provide this information, including the demographics of the community.</li> <li>• Is your solution targeted at climate vulnerable populations (i.e., populations in rural areas, urban poor, coastal populations, women, etc.)?</li> <li>• Number of customers to date</li> </ul> <p>Please elaborate on all of the above</p>
<p>C7. What is your projected climate adaptation impact in quantitative terms?</p>	<ul style="list-style-type: none"> <li>• Who are the people that benefit from adaptation and increased resilience (the beneficiaries)? <ul style="list-style-type: none"> <li>- Customers</li> <li>- Users of your business solution (who are not paying for the business solution)</li> <li>- Suppliers</li> <li>- Distributors</li> <li>- Retailers</li> <li>- Other (Explain)</li> </ul> </li> <li>• How will your adaptation solution increase the climate resilience of your target customers? Please provide a quantitative projection and a short description of how you arrived at your projection.</li> </ul> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>• Increased water availability measured in - Clients/Households Provided New Access; Water (L) Generated; Water (L) Saved</li> <li>• Increased Agriculture Potential measured in Average agricultural yield (kg per hectare); Farmland (hectares) Reforested or Restored / covered by crop insurance / cultivated with drought resistant or climate resilient crop varieties <ul style="list-style-type: none"> <li>• Decreased weather-related disruption measured in Value of assets covered or insured; # of customers served by the company's data and analytics</li> <li>• Increased income, or avoided decrease in income measured in Income source (name); Income level (USD); Number of households</li> </ul> </li> </ul>

<p>C8. Does your solution bring other social, economic or environmental co-benefits?</p>	<p>Does your solution contribute to any of the below? Please check all that apply, and please provide a short description (30 to 50 words) of how your solution is relevant to each.</p> <ul style="list-style-type: none"> <li>• <input type="checkbox"/> Poverty Reduction</li> <li>• <input type="checkbox"/> Reduce Hunger</li> <li>• <input type="checkbox"/> Quality Education</li> <li>• <input type="checkbox"/> Gender Equality</li> <li>• <input type="checkbox"/> Youth Empowerment</li> <li>• <input type="checkbox"/> Decent Work &amp; Economic Growth</li> <li>• <input type="checkbox"/> Reduced Inequality</li> <li>• <input type="checkbox"/> Sustainable Cities &amp; Communities</li> <li>• <input type="checkbox"/> Responsible Consumption &amp; Production</li> <li>• <input type="checkbox"/> Peace, Justice and Strong Institutions</li> <li>• Other:</li> </ul>
<p>C9. What is the projected timeline of your product launch?</p>	<p>MM/YYYY</p>
<p>C10. What is the technology readiness level (TRL) of your adaptation solution, at the time of application? (select all that is valid to your SME)</p>	<ul style="list-style-type: none"> <li>• <input type="checkbox"/> TRL 3 – experimental proof of concept</li> <li>• <input type="checkbox"/> TRL 4 – technology validated in lab</li> <li>• <input type="checkbox"/> BRL 2 – Business concept described, identified overall market and some competitors</li> <li>• <input type="checkbox"/> BRL 3 – Draft of business model available. Described market potential and competitive overview</li> <li>• <input type="checkbox"/> BRL 4- First version of business model, first projections of economic viability and market potential</li> <li>• <input type="checkbox"/> Other – please provide a short description (20-50 words)</li> </ul>
<p>C11. What is your business model?</p>	<p>How does your adaptation solution generate revenue (30-50 words)? If available, please provide a link to resources that provide additional information on your business model.</p>
<p>C12. What is the main challenge you are facing in moving your adaptation solution to the next development stage, at the time of application?</p>	<p>Please be as specific as possible.</p>
<p>C13. Are you currently fund raising for the adaptation solution?</p>	<p>Are you currently raising funding? If so, what is your target amount and target date? Please provide details of any agreed or expected funding over the next 6 months. (e.g., grant, angel investment, venture capital round etc.) If successful, how many more customers/beneficiaries can you reach? What is the potential to scale impact with additional investment (your impact growth strategy)? What's the non-financial or social return on investment?</p>
<p>C14. At what point do you expect the adaptation solution to generate revenue (become profitable)?</p>	<p>Please provide a brief timeline and description of your next steps towards revenue generation.</p>
<p>C15. How is your solution consistent with national or sub-</p>	<p>Please be as specific as possible.</p>

national sustainable development strategies, adaptation planning processes, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action, national adaptation plans (NAPs), nationally determined contributions (NDCs), adaptation communications, and other voluntary adaptation reports, where they exist.	
C16. How is your SME meeting the relevant national technical standards, where applicable?	Please be as specific as possible.
C17. Do you have any resources that can provide additional information on your adaptation solution? (Optional)	Please provide links to webpages, brochures or leaflets, articles, videos or photos that can provide further information on your adaptation solution.

## Annex 2 Draft review sheet for Ignite

### Application Review Sheet

Reviewer Information			
Name of reviewer	First Name	Last Name	Mr./Ms.
Reviewer email Address			
Date of review	DD/MM/YYYY		

Application Summary	
Name of company	Refer to section B1 of the application form.
Name of solution and type (Climate Adaptation product/service or Climate Adaptation Intelligence)	Refer to section C1 of the application form.
Location of the company HQ	Refer to section B2 of the application form.
Description of the solution	Refer to sections C4, C5 of the application form.
Sector	Refer to section C2 of the application form.
Gender dimensions	Refer to section B3, B6, B7, C6 of the application form.

Summary of Assessment	
Eligibility criteria score	
Review criteria score	
Recommendation by the reviewer	<ul style="list-style-type: none"> <li><input type="checkbox"/> The application is not eligible for Ignite.</li> </ul>



	<ul style="list-style-type: none"> <li><input type="checkbox"/> The application does not provide sufficient information for an informed decision. Please follow up with the company to provide additional details.</li> <li><input type="checkbox"/> The application is eligible and recommended to be selected for Ignite.</li> </ul>
Comments by the reviewer for the applicant.	If there is any constructive feedback for the applicant, please provide it here. These comments will be compiled and provided to the applicant anonymously. This feedback will help to make the application process a learning opportunity for the applicant/company.
<p>I, (insert name), confirm that this assessment has been conducted with fairness and discretion. No part of the application form nor the review sheet, nor information contained therein, has been or will be shared with anyone else, and there is no conflict of interest between myself and the application/company under review.</p> <p>Signature</p>	

<b>Eligibility Criteria</b>		
<b>Criteria</b>	<b>1 – Yes 0 - No</b>	<b>Reviewer Comments</b>
E1. Is the company located in an ODA eligible country?		Refer to section B2 of the application form.
E2. Is the proposed solution likely to produce adaptation benefits for a vulnerable community?		Among others, refer to sections C3, C4, C6, C7 of the application form.
E3. Is the proposed solution innovative (in terms of technology, business model, location of operation etc.)?		Among others, refer to section C5, C11, C17 of the application form.
E4. Is there likely to be market demand for the proposed solution? Does the proposed adaptation solution have replication and scale-up potential in multiple locations?		Among others, refer to sections C3, C4, C6, C7, C8 of the application form.
E5. Based on your understanding of the proposed solution and the company stage, is the applicant likely to benefit from the technical assistance offered by Ignite?		Refer to sections B10, C12, C13, C14, C15, C16, C17 of the application form.
E6. Does the solution contribute to gender equality and women's empowerment?		Refer to section B3, B6, B7, C6 of the application form.
<p><i>For applications with a score of 5 or 6, move forward to the review criteria assessment.</i></p> <p><i>For applications with a score of 4 or less, stop assessment.</i></p>		

<b>Review Criteria</b>		
<i>Rating scale: 5 = Very High, 4 = High, 3 = Likely, 2 = Low, 1 = Very Low, 0 = None</i>		
<b>Criteria</b>	<b>Rating</b>	<b>Reviewer Comments</b>

R1. How critical is the described climate risk/hazard in increasing climate resilience of vulnerable communities?		Refer to sections C2, C3 of the application form.
R2. How likely is the proposed solution able to bring tangible benefits to the vulnerable community?		Refer to sections C4, C6, C7 of the application form.
R3. How innovative is the proposed solution? In other words, how likely is the proposed solution bring adaptation benefits compared to existing practices/products/technologies?		Among others, refer to sections C5, C11, C15, C17 of the application form.
R4. Considering the current development stage of the applicant company, how solid is the business model for the proposed solution?		Among others, refer to sections B4, B6, C6, C9, C10, C11, C12, C13 of the application form.
R5. Considering the sector of operation and the current (market, policy etc.) landscape, how high is the replication and scale-up potential of the proposed solution?		Among others, refer to sections C2, C3, C4, C5, C6, C7, C9, C10, C11, C12, C13, C14, C15, C16, C17 of the application form.
R6. How likely is the proposed solution and the company to promote and contribute to social, economic and environmental impacts?		Among others, refer to sections B3, B6, C6, C8, C11 of the application form.
R7. Based on your understanding of the proposed solution and the company stage, how likely is the applicant benefit technical assistance offered by Ignite?		Among others, refer to sections B4, B6, C6, C9, C10, C11, C12, C13, C14, C15, C16, C17 of the application form.
<b>Total rating for review criteria</b>		
General comments by the reviewer for consideration by other review panel members (optional)		

Once the shortlist is prepared, the ASIF team prepares memos to be shared to the Independent Ignite Committee (comprised of experts from UNIDO, BFA Global and industry experts as relevant) and finalises a list based on their feedback. The committee could invite shortlisted applicants invited for ca. 15 min online interviews as necessary. [ASIF team can also request more information directly to SME or through their own research/resources status of the SME's compliance to UNIDO Environmental and Social Safeguards Policies and Procedures \(ESSPP\) and the 15 principles of the Adaptation Fund's Environmental and Social Policy \(AF ESP\).](#) Post this, the final shortlisted companies will also be requested to sign the declaration on ESG compliance before being officially announced to be confirmed participants of Ignite.

#### **SME declaration on ESG and compliance**

The ASIF team will share the exclusion criteria with the SME in the form of a document, asking them to confirm that there are no ESG issues faced by the company. The document will include the following statements at the bottom requiring the SME's acknowledgment and signature:

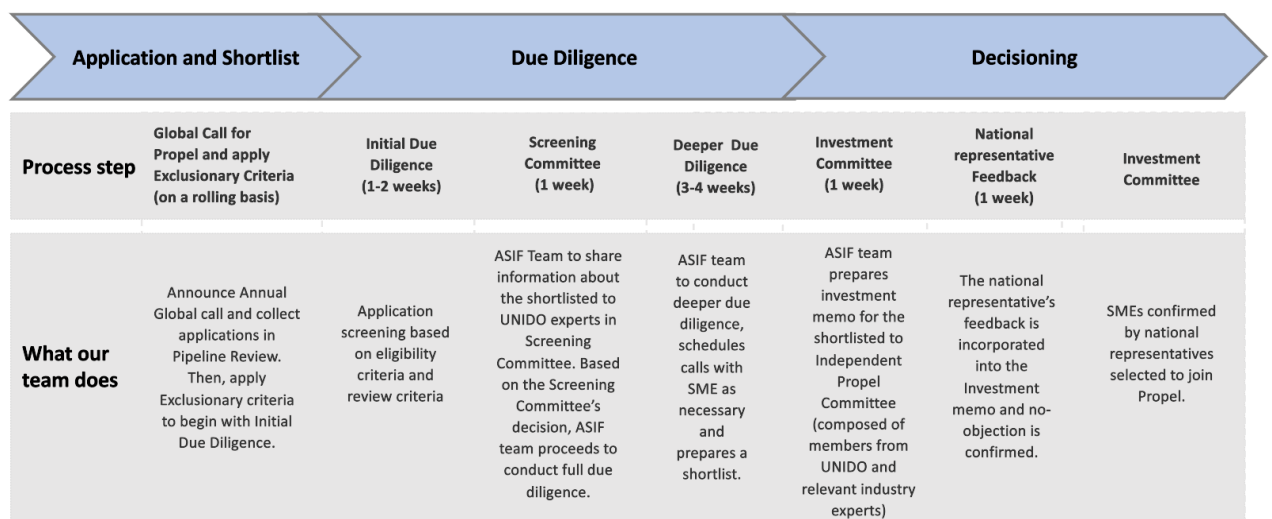
1. I hereby confirm that the Entity is in full compliance with all relevant environmental permits/licenses/consents and that there have been no regulatory violations.
2. I hereby confirm that there have been no complaints, grievances, or enforcement actions related to environmental, social, or governance issues involving management, employees, or key stakeholders

such as customers or suppliers or that any complaints or grievances have been handled in a timely and transparent manner, in compliance with national law and regulations'.

**Note:** Once the SMEs are onboarded into the Ignite program, corresponding country officials could be invited to engage with the SMEs to learn about their solutions and discuss alignment with the national or sub-national adaptation and development strategies. UNIDO-identified country officials could also be invited to remain in touch with the SMEs of their choice to remain connected in the SME's growth journey. Through Ignite curriculum, awareness and capacity building of SMEs to UNIDO Environmental and Social Safeguards Policies and Procedures (ESSPP) and the 15 principles of the Adaptation Fund's Environmental and Social Policy (AF ESP) relevant to ASIF, will be propagated.

## Climate Adaptation Impact Hypothesis for Propel

### Application and Shortlist, Diligence, Decisioning for Propel



### 3.2 Safeguarding steps at the sourcing and shortlisting stage for Propel

#### Identifying relevant climate adaptation solutions for Propel

A global call will be announced for Propel under Component 2. The application form will take a self-assessment approach. During the call for applications period, an awareness raising campaign will be conducted. To enhance the quality of applications received, the awareness raising campaign will also include webinars and online help centers etc. to support applicants in completing the application form and the adaptation impact hypothesis. Applicants will be encouraged to participate in the webinars and utilize online help centers, to ensure that relevant and accurate information are provided.

When shortlisting SMEs during Pipeline Review, the ASIF team will apply the following exclusion criteria to identify any immediate flags that may disqualify the company from further assessment.

#### Exclusion criteria

ASIF will not provide support of any kind for the following project types: In addition, compliance requirement applicable at this stage to UNIDO Environmental and Social Safeguards Policies and Procedures (ESSPP) and the 15 principles of the Adaptation Fund's Environmental and Social Policy as highlighted in Pages 3-6 will be duly considered, factoring in all available information (AF ESP).

1. Non-renewable fossil fuel power plant construction, extension or operation;
2. Coal, oil and gas exploration, export transportation, production or distribution;
3. Switching from one non-renewable fossil fuel to another non-renewable fossil fuel in standalone grid-connected electricity generation plants;
4. Hybrid power systems (including biomass/fossil fuel co-firing systems) except in accordance with the Environmental and Social Policies and Procedures;
5. The production of nitrous oxide/NO<sub>x</sub> (except in connection with waste and biomass projects) or the production of hydrofluorocarbons;
6. Nuclear energy generation; and
7. Any activities that could reasonably be expected, at the time such support is given, to cause a significant negative overall impact on the environment and/or increase greenhouse gas emissions.
8. Production or activities involving harmful or exploitative forms of forced labour or child labour;
9. Production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phaseouts or bans, including but not limited to (a) pharmaceuticals, pesticides, and herbicides, (b) ozone-depleting substances, (c) polychlorinated biphenyls and other hazardous chemicals, (d) wildlife or wildlife products regulated under the convention on international trade in endangered species of wild fauna and flora, and (e) trans-boundary trade in waste or waste products;
10. Production of or trade in weapons and munitions, including paramilitary materials;
11. Production of or trade in alcoholic beverages, excluding beer and wine;
12. Production of or trade in tobacco;
13. Gambling, casinos, and equivalent enterprises;
14. Production of or trade in radioactive materials, including nuclear reactors and components or uses banned pesticides and/or chemicals thereof;
15. Production of, trade in, or use of un-bonded asbestos fibres;
16. Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests; and
17. Marine and coastal fishing practices, harmful to vulnerable and protected species in large numbers or damaging to marine biodiversity, including but not limited to large-scale pelagic drift net fishing, fine mesh net fishing and blast fishing.
18. Genetically modified organisms.
19. Any project activities that are likely to alter, damage, or remove any cultural heritage and/or sites.
20. Any project causes involuntary resettlement or physical and economic displacement

21. Any project infringing on the protection of critical habitats and protected areas, or introducing potentially invasive, non-indigenous alien species

22. Any project complicit in human rights abuses

### 3.3.1 Initial Due Diligence (IDD)

Those that have passed the exclusionary criteria will be shortlisted for the initial due diligence phase. Each SME will be assessed against the Climate adaptation impact hypothesis (**See Annex 3**) for Propel.

#### **Annex 3 Draft application form for Propel**

This will serve as the application form for Propel under component 2. The application form will take a self-assessment approach. Once the applications are screened based on eligibility criteria and review criteria, a shortlist is prepared by the ASIF team.

Please note that this is a draft, and the application form and the review criteria will be further refined with inputs from financial and investment experts upon approval of the Facility.

#### **Climate Adaptation Impact Hypothesis**

##### **for Propel**

<b>Date of application</b>	DD/MM/YYYY
----------------------------	------------

<b>A1. Applicant Information</b>			
A2. Name of Applicant	First Name	Last Name	Mr./Ms.
A3. Applicant Email Address			
A4. Position in the company			
A5. When did you join the company?	MM/YYYY		

<b>B. Company Information</b>			
B1. Name of company			
B2. Location of HQ	City		
	Country		
B3. Locations of operation	Please list all cities/villages that the company is operating in, at the time of application.		
B4. Locations of planned expansion	Please list all cities/villages that the company is concretely planning to expand into, at the time of application.		
B5. Name of company founder or CEO	First Name	Last Name	Mr./Ms.
	Is your business founded or co-founded by a woman?		
	<ul style="list-style-type: none"> <li>• Yes</li> <li>• No</li> </ul>		
B6. Year of company founded	YYYY		
B7. Year of company registration/incorporation	YYYY		
B8. Funding raised to date	From friends and family	External funding	
	USD	USD	

B9. Revenue	Total revenue of the company to date USD	
	Revenue of the company in the past year USD	
	Projected revenue of the company for the current year USD	
B10. No. of employees at the time of application	No. of full-time women employees	No. of full-time men employees
	No. of part-time women employees	No. of part-time men employees
B11. No. of employees in senior management at the time of application	No. of women	No. of men
B12. Business' offering of products/services that target women)	<ul style="list-style-type: none"> <li>• Does your business integrate a significant share of women (<math>\geq 40\%</math>) into your value chain as retailers, distributors or suppliers?</li> <li>• If yes, how do you integrate women into your value chain? Choose all that apply: Customer; Supplier; Distributor; Retailer</li> <li>• Explain if your technology, product or service specifically targets or benefits female customers and users? Do you pay special attention to female customers' needs, preferences or behaviors?</li> </ul>	
B13. Company HQ Address		
B14. Company Email Address		
B15. Company Telephone		
B16. Company Website		

<b>C. Adaptation Solution</b>	
Please note that all information provided will be kept confidential and will only be used for the purposes of assessing whether your adaptation solution will benefit from participating in Propel.	
C1. Name of solution and type (Climate Adaptation product/service or Climate Adaptation Intelligence)	
C2. Sector	<p>In which of the below sector(s) does your solution provide adaptation benefits? Please check all that apply.</p> <p><input type="checkbox"/> 1. Food and Agriculture Value chain</p> <p><input type="checkbox"/> 2. Financial Services</p> <p><input type="checkbox"/> 3. Blue Economy</p> <p><input type="checkbox"/> 4. Urban Adaptation and resilience</p> <p><input type="checkbox"/> 5. Health</p>
C3. What is the main climate risk/hazard your solution addresses?	What is the problem for your customers or beneficiaries that is caused by climate change and that your business solution or innovation tackles? Please describe in 50 to 100 words.

	<p><i>For example, key climate hazards are extreme temperature, extreme precipitation, drought, wildfire, wind threats, river flooding and coastal flooding.</i></p>
C4. What is the adaptation benefit of your solution?	<p>How does your business solution or innovation solve or address the climate change problem for your customers or beneficiaries? How does your business solution or innovation help your customers or beneficiaries adapt or build resilience to the problem caused by climate change? Please describe in 50 to 100 words.</p> <p><i>For example, how does your product/service/intelligence solution decrease exposure and/or vulnerability to the climate hazard identified above</i></p>
C5. What is your innovation?	<p>What existing product is your adaptation solution replacing? Please describe how your solution is different from other existing solutions in 50 to 100 words.</p>
C6. Who is your target customer?	<ul style="list-style-type: none"> <li>• Who is your ideal pilot customer?</li> <li>• Where is this customer located? If there is a geographical location/community that your adaptation solution would be most relevant to, please provide this information, including the demographics of the community.</li> <li>• Is your solution targeted at climate vulnerable populations (i.e., populations in rural areas, urban poor, coastal populations, women, etc.)?</li> <li>• Number of customers to date</li> <li>• What are the barriers these groups are facing in adapting to climate change?</li> <li>• Are there existing strategies these groups are following to adapt to climate change? If yes, does the company aim to enhance, complement or replace those?</li> </ul> <p>Please elaborate on all of the above</p>
C7. What is your projected climate adaptation impact in quantitative terms?	<ul style="list-style-type: none"> <li>• Who are the people that benefit from adaptation and increased resilience (the beneficiaries)? <ul style="list-style-type: none"> <li>- Customers</li> <li>- Users of your business solution (who are not paying for the business solution)</li> <li>- Suppliers</li> <li>- Distributors</li> <li>- Retailers</li> <li>- Other (Explain)</li> </ul> </li> <li>• How will your adaptation solution increase the climate resilience of your target customers? Please provide a quantitative projection and a short description of how you arrived at your projection.</li> </ul> <p><b>Examples:</b></p>

	<ul style="list-style-type: none"> <li>• Increased water availability measured in - Clients/Households Provided New Access; Water (L) Generated; Water (L) Saved</li> <li>• Increased Agriculture Potential measured in Average agricultural yield (kg per hectare); Farmland (hectares) Reforested or Restored / covered by crop insurance / cultivated with drought resistant or climate resilient crop varieties <ul style="list-style-type: none"> <li>• Decreased weather-related disruption measured in Value of assets covered or insured; # of customers served by the company's data and analytics</li> <li>• Increased income, or avoided decrease in income measured in Income source (name); Income level (USD); Number of households</li> </ul> </li> </ul>
C8. What is the relation between the market for your adaptation solution and its potential adaptation impact?	Are the above-described climate adaptation benefits/impact of specific interest to your customers, partners and/or investors? Will increased impact drive an increase in customer orders, potential partnership opportunities or investment offers? Do you foresee that increased sales of your solution will translate to increased adaptation benefits/impact? (50 - 100 words)
C9. How are you currently tracking and benchmarking your impact?	Has the technical effect of the innovation been analyzed? If yes, who did this? Has the adaptation benefits/impact of the innovation been calculated? If yes, who did this? What is your method of tracking and monitoring your impact? (50 - 100 words)
C10. Are there potential negative impacts from your adaptation solution?	Are there any possible (unintended) negative environmental or social impacts arising from the uptake of your adaptation solution? If so, what are your plans to eliminate or minimize the negative impact? (30 - 50 words)
C11. Does your solution bring other social, economic or environmental co-benefits?	<p>Does your solution contribute to any of the below? Please check all that apply, and please provide a short description (30 to 50 words) of how your solutions is relevant to each.</p> <ul style="list-style-type: none"> <li>• <input type="checkbox"/> Poverty Reduction</li> <li>• <input type="checkbox"/> Reduced Hunger</li> <li>• <input type="checkbox"/> Quality Education</li> <li>• <input type="checkbox"/> Gender Equality</li> <li>• <input type="checkbox"/> Youth Empowerment</li> <li>• <input type="checkbox"/> Decent Work &amp; Economic Growth</li> <li>• <input type="checkbox"/> Reduced Inequality</li> <li>• <input type="checkbox"/> Sustainable Cities &amp; Communities</li> <li>• <input type="checkbox"/> Responsible Consumption &amp; Production</li> <li>• <input type="checkbox"/> Peace, Justice and Strong Institutions</li> <li>• <input type="checkbox"/> Other</li> </ul>
C12. What is the technology readiness level (TRL) of your adaptation solution, at the time of application?	<ul style="list-style-type: none"> <li>• <input type="checkbox"/> TRL 5 – technology validated in relevant environment</li> <li>• <input type="checkbox"/> TRL 6 – technology demonstrated in relevant environment</li> </ul>



	<ul style="list-style-type: none"> <li><input type="checkbox"/> TRL 7 – system prototype demonstration in operational environment</li> <li><input type="checkbox"/> BRL 5- Business model testing, first revenue model, competitive position verified in the market</li> <li><input type="checkbox"/> BRL 6 – Full business model including pricing verified on customers</li> <li><input type="checkbox"/> BRL 7 – Product market fit demonstrated. Attractive revenue, cost projections.</li> <li><input type="checkbox"/> Other – please provide a short description (20-50 words)</li> </ul>
C13. How is your solution consistent with national or sub-national sustainable development strategies, adaptation planning processes, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action, national adaptation plans (NAPs), nationally determined contributions (NDCs), adaptation communications, and other voluntary adaptation reports, where they exist.	Please be as specific as possible.
C14. How is your SME meeting the relevant national technical standards, where applicable?	Please be as specific as possible.
C13. Do you have any resources that can provide additional information on your adaptation solution? (Optional)	Please provide links to webpage, brochure or leaflet, article, videos or photos that can provide further information on your adaptation solution.

#### **D. Business Model and Commercialization Status**

Please note that all information provided will be kept confidential and will only be used for the purposes of assessing whether your adaptation solution will benefit from participating in the ASIF Investment Catalyzer (Propel).

D1. Who was/is your pilot customer?	<p>Who is your pilot customer? What is the status of engagement with your pilot customer (identified, under negotiation, secured, contract concluded etc.)?</p> <p>What is the projected size of the contract? Please provide as much information as possible.</p> <p>If you have already concluded your pilot, please provide information on this.</p>
D2. Who are your past/current customers?	Please provide name of the customer, and status and size of each contract. If more than 5, please provide information on your top 5 customers.

	If there are no past/current customers, please indicate as not applicable.
D3. Which customers are in your hard pipeline?	Please provide name of the potential customer, status of engagement, the projected size and timeline for each contract.
D4. What is the main challenge you are facing in moving your adaptation solution to the next development stage, at the time of application?	What are the key drivers and obstacles that your company faces to increase both growth and impact? Please be as specific as possible.
D5. What is your business model?	How does your adaptation solution generate revenue (50-100 words)? If available, please provide a link to resources that provide additional information on your business model.
D6. What is the estimated size of your market?	USD If applicable, please provide estimated figures for country/region/global levels.
D7. What external changes could accelerate the uptake of your adaptation solution?	Based on your internal analysis, what changes (market, legal, policy economic, values) could positively influence the uptake of your solution?
D8. What is the total revenue of your adaptation solution to date?	USD
D9. What is the revenue of your adaptation solution from the past year?	USD
D10. What is the projected revenue from your adaptation solution in the current year?	USD
D11. What is your projected annual revenue for each of the next 5 years?	USD
D12. At what point do you expect your company to generate revenue (become profitable)?	Please provide a brief timeline and description of your next steps towards revenue generation. If your adaptation solution is already generating revenue, please indicate it as not applicable.
D13. What are the expansion plans for your adaptation solution?	Please provide a brief timeline and description of your next steps towards increasing revenue of your adaptation solution. If your adaptation solution is not yet generating revenue, please indicate as not applicable.
D14. Have you raised external funding?	Have you raised external funding (e.g., beyond friends and family)? If so, from whom and how much? How much funding have you raised in total to date?
D15. Are you currently fund raising?	Are you currently raising funding for your company? If so, what is your target amount and target date? Please provide details of any agreed or expected funding for your company over the next 6 months. (e.g., grant, angel investment, venture capital round etc.) If successful, how many more customers/beneficiaries can you reach? What is the potential to scale impact with additional investment (your impact growth strategy)? What's the non-financial or social return on investment?

D16. Do you have distribution partners?	Please provide the name, location of operation, and brief description of the working arrangement for each (30-50 words).
D17. Do you have strategic partners?	Do you have strategic partners, for example R&D, marketing, sales or manufacturing? If yes, please provide the name, location of operation, and brief description of the working arrangement and expected synergies for each (30-50 words).

<b>E. Participation in Propel</b>	
Please note that all information provided will be kept confidential and will only be used for the purposes of assessing whether your adaptation solution will benefit from participating in Propel.	
E1. Please briefly describe the team that will be dedicated for participation in Propel, in the case of selection.	Please describe the functions and hierarchy of the team that will participate in Propel in 20 to 50 words.
E2. In the case of selection, is your company willing to enhance its business model in order to increase the contribution of your company/proposed solution to social inclusiveness, including but not limited to, gender equality, women and youth empowerment, rural development, etc.?	<input type="checkbox"/> Yes <input type="checkbox"/> No  As applicable, please expand your responses to section C11 in 20 to 50 words.
E3. In the case of selection, is your company willing to enhance its business model in order to meet the environmental and social safeguards as required by UNIDO and AF guidelines?	<input type="checkbox"/> Yes <input type="checkbox"/> No  If your company has already adopted environmental and social safeguards, please provide a brief description in 30 to 50 words).
E4. In the case of selection, what would be the grant financing amount requested from Propel? Please note that Propel provides milestone-based grants of USD 90,000 and USD 40,000 worth of bespoke technical assistance support	USD  Please provide a brief description of how this grant will be utilized in under 100 words. Please provide links to any relevant resources.
E5. Do you have an identified target customer (vulnerable community) for deployment of your proposed solution? How many end-users is your solution likely to reach in this community?	<input type="checkbox"/> Yes <input type="checkbox"/> No  Please provide a brief description of the target customer in mind, including the geographical location, climate risks experienced by the community, demographics, etc., in 50 to 100 words.

## Draft review sheet for Propel

### Propel Application Review Sheet

Reviewer Information			
Name of reviewer	First Name	Last Name	Mr./Ms.
Reviewer email Address			
Date of review	DD/MM/YYYY		

Application Summary	
Name of company	Refer to section B1 of the application form.
Name of solution and type (Climate Adaptation product/service or Climate Adaptation Intelligence)	Refer to section C1 of the application form.
Location of the company HQ	Refer to section B2 of the application form.
Description of the solution	Refer to sections C4, C5 of the application form.
Sector	Refer to section C2 of the application form.
Gender dimensions	Refer to section B5, B10, B11, B12, C6 and of the application form.

Summary of Assessment	
Eligibility criteria score	
Review criteria score	
Recommendation by the reviewer	<input type="checkbox"/> The application is not eligible for Propel. <input type="checkbox"/> The application does not provide sufficient information for an informed decision. Please follow up with the company to provide additional details. <input type="checkbox"/> The application is eligible and recommended to be selected for Propel.
Comments by the reviewer for the applicant.	If there is any constructive feedback for the applicant, please provide here. These comments will be compiled and provided to the applicant anonymously. This feedback will help to make the application process a learning opportunity for the applicant/company.
I, (insert name), confirm that this assessment has been conducted with fairness and discretion. No part of the application form nor the review sheet, nor information contained therein, has been or will be shared with anyone else, and there is no conflict of interest between myself and the application/company under review.	
Signature	

<b>Eligibility Criteria</b>		
<b>Criteria</b>	<b>1 – Yes 0 - No</b>	<b>Reviewer Comments</b>
E1. Is the company located in an ODA eligible country?		Refer to section B2 of the application form.
E2. Is the proposed solution likely to produce adaptation benefits for a vulnerable community?		Among others, refer to sections C3, C4, C6, C7, D1, D2, D3, D5 of the application form.
E3. Is the proposed solution innovative (in terms of technology, business model, location of operation etc.)?		Among others, refer to section C5, C12, C13, C14, C15 of the application form.
E4. Is there likely to be market demand for the proposed solution? Does the proposed adaptation solution have replication and scale-up potential in multiple locations?		Among others, refer to sections C3, C4, C6, C7, D1, D2, D3, D6, D8, D9, D10, D11, D12 of the application form.
E5. Based on your understanding of the proposed solution and the company stage, is the applicant likely to benefit from the technical assistance offered by Propel?		Please comprehensively assess based on the information provided in sections C and D.
E6. Does the solution contribute to gender equality and women's empowerment?		Among others, Refer to section B5, B10, B11, B12, C6 and of the application form
<i>For applications with a score of 5 or 6, move forward to the review criteria assessment.</i>		
<i>For applications with a score of 4 or less, stop assessment.</i>		

<b>Review Criteria</b>		
<i>Rating scale: 5 = Very High, 4 = High, 3 = Likely, 2 = Low, 1 = Very Low, 0 = None</i>		
<b>Criteria</b>	<b>Rating</b>	<b>Reviewer Comments</b>
R1. How critical is the described climate risk/hazard in increasing climate resilience of vulnerable communities?		Refer to sections C2, C3 of the application form.
R2. How likely is the proposed solution able to bring tangible benefits to the vulnerable community?		Refer to sections C4, C6, C7, C8, C12, C15, D1, D2, D3, E4, E5 of the application form.
R3. How innovative is the proposed solution? In other words, how likely is the proposed solution bring adaptation benefits compared to existing practices/products/technologies?		Among others, refer to sections C5, C13, C14, C15, D5, E4, E5 of the application form.
R4. Considering the current development stage of the applicant company, how solid is the business model for the proposed solution?		Among others, refer to sections B3, B6, B8, B9, B10, B11, C6, D1, D2, D4, D5, D6, D8, D9, D10, D14 of the application form.
R5. Considering the current development stage of the proposed solution and their current business model, how solid is the company's scale aspirations?		Among others, refer to sections B4, B6, B8, B9, B10, B11, C6, C10, D3, D4, D5, D6, D11, D12, D13, D14, D15, D15, D17 of the application form.
R6. Considering the sector of operation and the current (market, policy etc.) landscape,		Among others, refer to sections B4, C2, C3, C4, C5, C6, C7, C8, C10, C12, C13, C14,

how high is the replication and scale-up potential of the proposed solution?		C15, D3, D4, D5, D6, D7, D11, D12, D13, D14, D15, D16, D17 of the application form.
R7. How likely is the proposed solution and the company to promote and contribute to social, economic and environmental impacts?		Among others, refer to sections B2, B3, B4, B10, B11, C8, C9, C10, C11 of the application form.
R8. Based on your understanding of the proposed solution and the company stage, of how much benefit will it be for the participant to receive the technical assistance offered by Propel, and the grant financing of up to 130,000 USD?		Among others, refer to sections B3, B4, B6, B8, B9, C7, C8, C10, C12, D3, D4, D6, D7, D11, D12, D13, D14, D15, D16, D17 of the application form.
R9. What is the estimated cost effectiveness of this solution in reaching direct beneficiaries in regard to grant requested? Does it meet the average AF factor of USD 80 or less per end-user?		Refer to sections E4 and E5 of the application form.
R10. Based on your understanding of the application form and the interview, is the participating team likely to be “coachable”?		Among others, refer to sections E1, E2, E3 of the application form.
<b>Total rating for review criteria</b>		
General comments by the reviewer for consideration by other review panel members (optional)		

Post evaluation of the eligibility and review criteria, ASIF team will also prepare an assessment scorecard that includes an impact assessment to summarize adaptation benefits (including any adaptation metrics already being used), as well as the risk of maladaptation, any environmental & social risks or negative externalities for each SME assessed.

**Screening Assessment Scorecard:**

	Why we are excited	Key Risks / Concerns	Score (1-5)
Team	•	•	
Market	•	•	
Model	•	•	
Momentum	•	•	
Climate adaptation and resilience impact	•	•	

Based on the above assessment. ASIF Team to share information about the shortlisted SMEs to UNIDO experts in Screening Committee. Based on the Screening Committee’s decision, ASIF team proceeds to conduct deeper due diligence for those further selected.

### 3.3.2 Deeper Due Diligence

During Full Due Diligence, for the shortlisted SMEs by the UNIDO Screening Committee, the ASIF team will delve deeper into the SME’s data and business model to develop a detailed memo capturing the SME’s current performance and future plans. The memo also includes a risk section where the team will consider key direct and indirect product/business model-related risks or unintended side effects on the environment and on local people. Below is the risk table the team will use followed by an initial list of risks the team will consider. The team will continue to build the list as more companies are reviewed, and new forms of risks are identified. The ASIF team will schedule a call with SME to get more information as needed. [ASIF team can also request more information directly to SME or through their own research/resources status of the SME’s compliance to UNIDO Environmental and Social Safeguards Policies and Procedures \(ESSPP\) and the 15 principles of the Adaptation Fund’s Environmental and Social Policy \(AF ESP\).](#)

**Risk table**

Risk	Risk type (direct/indirect)	Severity of impact (L/M/H)	Likelihood of occurrence (L/M/H)	Mitigation need/approach

#### Risks to consider for each SME model with some examples

- Risk on SME operations or product efficacy as a result of climate change e.g., floods, drought, other climate hazards, e.g.,
  - Supply chain disruptions
  - Washing away of applied products like fertilizers due to floods
- Environmental risk arising from Disruptive practices
  - Land/environment degradation e.g.,
    - Direct - through bad farming practices; possible overuse of products that can damage farms
    - Indirect - through partnerships employing bad practices (e.g. bad farming, bad advice)
  - Stressing the surrounding environment e.g.,
    - Direct - water overuse from public areas impacts surrounding communities
    - Indirect - chemicals/fertilizer contaminating groundwater or other water sources
- Social risks on surrounding livelihoods
  - The model takes away from local community livelihoods (jobs, income, customary access to natural resources e.g. forests, land, wood)
  - The model unintentionally increases the vulnerability of the target group to climate risks, e.g. by replacing existing solutions with high-cost alternatives
  - The model excludes vulnerable community members (the poor, elderly, women, or people without formal land use rights) from project benefits and thereby introduces disadvantages for them in any way
- Longer-term risks

- Insufficient practices to evolve agri-farming advice: e.g., climate-smart practices in Y1 may become maladaptive practices in Y5
- In addition, any other relevant ESS risks that may arise from SME solutions contributing to the Food and Agriculture Value chain, Fintech for Climate Adaptation, Blue Economy, and Urban Adaptation and resilience will also be assessed.

### Risks addressed by the SME

Where possible, the ASIF team will also aim to consider what type of physical climate risks the SME solutions can help address by referencing the ASAP framework below:

		Key climate-related hazards <sup>1</sup>	Key risks on physical and biological systems <sup>1</sup>	Key risks on human and managed systems <sup>2</sup>	
Mapping to EU Taxonomy Classification of Climate-related Hazards	Temperature-related	+ Temperature variability* + Changing temperature (air, freshwater, marine water)*	+ Heat stress* + Heat wave** + Cold wave/frost** + Wildfires**		+
	Wind-related	+ Changing wind patterns* + Cyclone, hurricane, typhoon** + Storm** + Tornado**		+ Reduced agricultural productivity and food security + Damages to physical infrastructure, property, and critical services	+
	Water-Related	+ Changing precipitation patterns and types (rain, hail, snow/ice)* + Precipitation variability* + Heavy precipitation**	+ Ocean acidification* + Saline intrusion* + Sea level rise* + Water stress* + Drought** + Flood** + Glacial lake outburst**	+ Reduction in water availability, quality and security + Business disruptions + Spread of pests, and vector-borne and water-borne diseases	+
	Solid-Mass Related		+ Glacial retreat, changes in ice, snow cover, permafrost thawing* + Coastal erosion* + Soil degradation & erosion* + Solifluction* + Ecosystem & biodiversity loss* + Avalanche** + Landslide**	+ Impacts to human health, and loss of livelihoods	+

\* Chronic    \*\* Acute

Do the solutions help to assess and/or address physical and biological climate risks? **(to select all that apply)**

An exercise relating to identifying which category, the SME could fall under will also be undertaken.

#### A. Climate Adaptation Intelligence:

- *Advisory services for e.g. climate risk exposure and vulnerability identification and assessment*
- *Data management and operations* (e.g. provision of calibrated/validated data sets; collection and provision of raw data for global weather, and climate change applications)
- *Decision-support tools* (e.g. early warning systems, software performing cost/benefit analysis of adaptation solutions)
- *Physical climate risk identification and impact assessment* (e.g. spatial hazard and vulnerability mapping analysis, disaster risk assessment tools, systematic monitoring & remote sensing climate impact analysis)



## **B. Climate Adaptation Products and Services:**

- *Physical climate risk management* (incl. e.g., water efficient irrigation technology, rainwater harvesting; crop storage, geosynthetics; etc.)
- *Physical climate risk transfer* (e.g. parametric insurance)

Through bespoke SME technical assistance provided to Propel SMEs, awareness and capacity building of SMEs to UNIDO Environmental and Social Safeguards Policies and Procedures (ESSPP) and the 15 principles of the Adaptation Fund's Environmental and Social Policy (AF ESP) relevant to ASIF, will be supported and strengthened.

### **SME declaration on ESG compliance**

During Deeper Due Diligence, the ASIF team will also share the exclusion criteria, used by the team during the shortlisting process, with the SME in the form of a document, asking them to confirm that there are no ESG issues faced by the company. The ESS expert will also assess the SMEs compliance with occupational, safety and health at work legislations; environmental, health and safety risks to workers (working conditions, health and safety); water use and conservation; waste management, including recycling, reuse, and reduction; extent and use of hazardous materials and chemicals and pesticides and their disposal; GHG emissions; extent and use of scarce resources as applicable.

The document will include the following statements at the bottom requiring the SME's acknowledgment and signature:

1. I hereby confirm that the Entity is in full compliance with all relevant environmental permits/licenses/consents and that there have been no regulatory violations.
2. I hereby confirm that there have been no complaints, grievances, or enforcement actions related to environmental, social, or governance issues involving management, employees, or key stakeholders such as customers or suppliers.

### **Investment Committee (1 week)**

Post completing the deeper due diligence, ASIF team prepares investment memo for the shortlisted to Independent Propel Selection Committee (composed of members from UNIDO, BFA Global as well as other industry experts as relevant). The committee could invite shortlisted applicants invited for ca. 15 min online interviews as necessary.

### **National representative Feedback (1 week)**

National representative's feedback is incorporated into the Investment memo post the Investment Committee and no-objection is confirmed. Letter of Endorsement could be secured from the country officials at this stage.

### **Investment Committee**

Once the SMEs are confirmed by national representatives, the Investment committee announces the final selected to join Propel.

Note: Once the SMEs are onboarded into the Propel program, corresponding country officials could be invited to engage with the SMEs to learn about their solutions and discuss alignment with the national or sub-national adaptation and development strategies. UNIDO-identified country officials could also be invited to remain in touch with the SMEs of their choice to remain connected in the SME's growth journey. The milestones to be set for each adaptation solution supported under Propel

may include steps to ensure that the roll-out of the adaptation solution complies with applicable national social, environmental and technical standards.

#### **4. UNIDO Stakeholder Consultation and Engagement**

UNIDO will annually communicate implementation progress on issues that involve ongoing risk to or impacts on the project stakeholders, and on issues that the consultation process or grievance mechanism has identified as of concern to those stakeholders. The ESMF will be disclosed on the UNIDO public website, under the following link: <https://open.unido.org/index.html>

- Stakeholders may access any project-level grievance mechanisms via the UNIDO Institutional Grievance Mechanism: [IOD Report](#)
- Stakeholders directly engaged in the activities (e.g. selected [SMEs](#), investors, funders, and other ecosystem enablers) will have direct connections with the ASIF team and can raise any grievance directly with the team. Should they want to raise a grievance through a separate channel, or if any indirectly affected stakeholders have a grievance, they can submit the matter via email of the Executing Entity or through the Contact Us form on the website. Grievances raised will be addressed as soon as possible with a grievance acknowledgment shared with the stakeholder within 2-3 days of submission

#### **5. ESMF Roles and Responsibilities & Capacity Development**

The ASIF team will be responsible for ensuring the ESMF is followed and capacity is developed in their team as required. Since ESMF has been integrated into the operation of the ASIF , it is of prime importance to the Executing Entity and UNIDO to ensure success. ASIF Executing Entity full-time Impact and ESG lead and leverage support from climate change specialists to ensure that the project has the relevant information and expertise. Where necessary for individual SMEs, the Executing Entity may hire local resources.. UNIDO is overall responsible for the monitoring and implementation of the project successfully. UNIDO will annually monitor and communicate implementation progress via the implementation report on issues that involve ongoing risk to or impacts on the project stakeholders, and on issues that the consultation process or grievance mechanism has identified as of concern to those stakeholders.