

Accessing Finance for Locally-led Adaptation under the Adaptation Fund



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ADAPTATION FUND



Outline



How does the Adaptation Fund help countries access finance for adaptation?



How to access the Adaptation Fund for locally-led adaptation?



What are the key developments on LLA?

Mandate – Mission – Strategic Priorities

MANDATE

Finance concrete adaptation projects and programmes that are country driven and based on the needs, views and priorities of developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting the cost of adaptation

MISSION

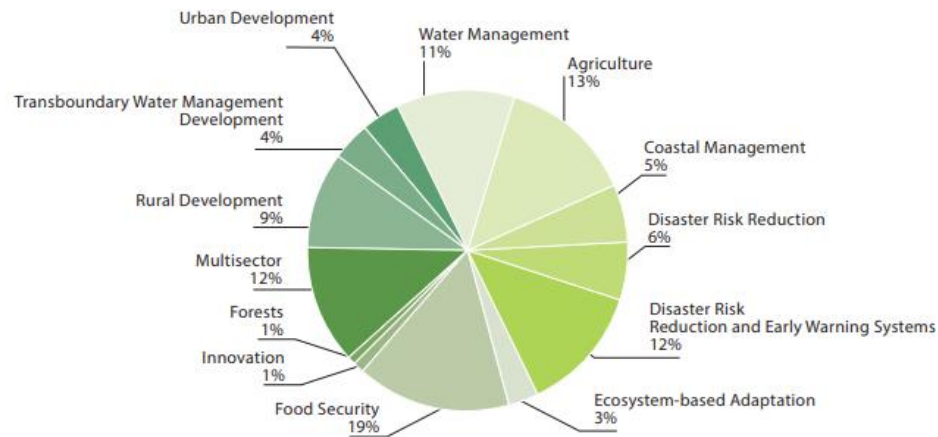
The Adaptation Fund serves the Paris Agreement by **accelerating effective adaptation action and efficient access to finance, including through direct access**, to respond to the urgent needs and priorities of developing countries. The Fund does so by supporting country-driven adaptation projects and programmes, innovation, and learning with concrete results at the local level that can be scaled up.



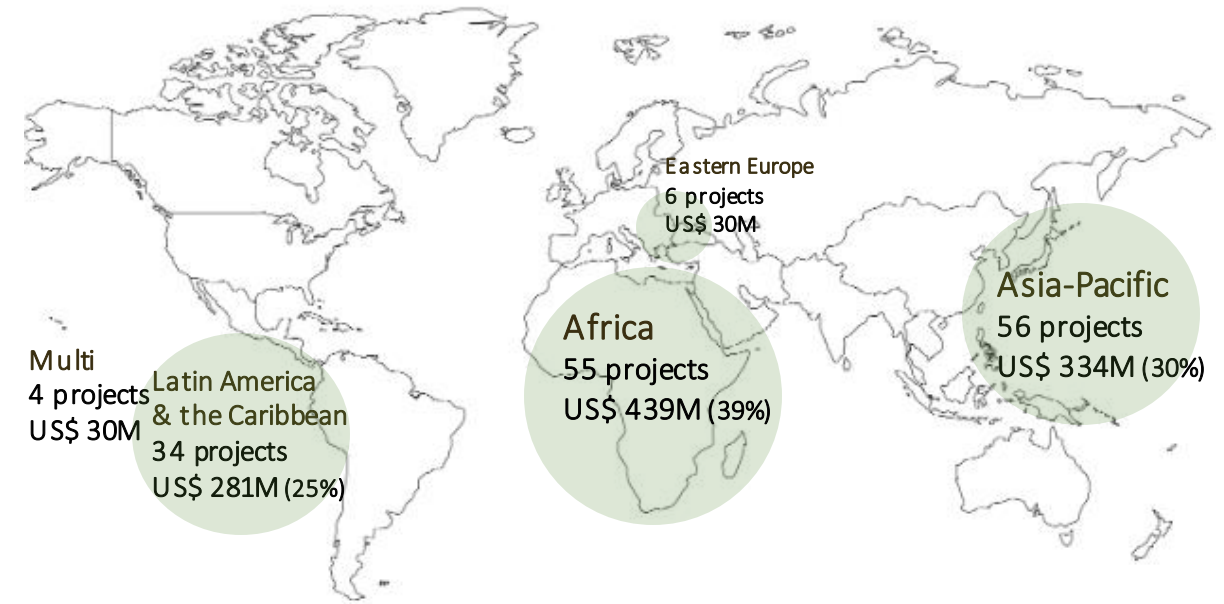
AF-at-a-Glance

- Established in 2001 and operationalized in 2007 under the Kyoto Protocol & serving the Paris Agreement since 2019
- As a pioneer of Direct Access, committed over US\$ 1.1B allocated to 160 projects
- All developing countries that are the Parties to the KP of PA are eligible to access funding
- Country-driven and simplified access processes
- Diversified Sectors Financed

AF Investment by Sector (source: Annual Performance Report 2023)



- Infographic by Region (as of Mar. 2024)



- Impact Examples (as of June 30, 2022)
 - 516 Early Warning Systems
 - 99 Policies introduced/adjusted to address climate change risks

What is available for eligible Parties



Concrete adaptation activities in the most vulnerable communities

visible and tangible impacts at the local level that can be scaled up



No prescribed sectors or approaches

country-driven process that accommodates countries' priorities and adaptation reasoning



Finance the full cost of adaptation

No co-financing requirements



50% of portfolio for Direct Access


Total allocation for projects/ programmes submitted by MIEs cannot exceed 50% of resources



USD 20 million available per country & 2 NIEs per country

For single country projects, other grants available outside of country cap

Available funding windows

ACTION	INNOVATION	LEARNING & SHARING
<p>Single country projects (up to \$10M) within cap of \$20M per country <i>NIEs, RIEs, MIEs</i> & Project Formulation Grants</p>	<p>Small grants (up to US\$250 k) to foster innovation practices in climate change adaptation (<i>NIEs</i>) Outside country cap</p>	<p>Learning grants (up to US\$500 K) to share best practices and lessons learned per project to provide support for National Implementing Entities (NIEs) in capturing and disseminating practical lessons from adaptation interventions Outside country cap</p>
<p>Regional projects (multi-country): up to \$14M (<i>RIEs, MIEs</i>) & PFG Outside country cap</p>	<p>Small grants (up to \$ 250k) in innovation for non-accredited entities through AFCIA (<i>AF Climate Innovation Accelerator through MIEs and RIEs</i>) UNDP, UNEP-CTCN (Phase I & II) , UNIDO, WFP</p>	
<p>Locally-led Adaptation (LLA) (formerly Enhanced Direct Access - EDA): up to US\$ 5 M per country (<i>NIE, RIE, MIE</i>) & PFG Outside country cap</p>	<p>Large grants (up to US\$5 M) to roll out innovative adaptation practices and tools <i>Single country (NIE, RIE, MIE) or regional (RIE, MIE)</i> Outside country cap</p>	 <p>ADAPTATION FUND</p>

Increased PFG support to implementing entities



Increased size of the PFG to **better** provide for the actual needs of undertaking key assessments and required consultations and could therefore be **expected to enhance the quality of the proposals.**

The following considerations were taken into account:

- LLA projects may require additional funding to enable the operationalization of the LLA principles, especially devolving decision making to the local level.
- For regional projects, the scale of the funding could be commensurate to the number of countries, to account for the costs related to undertaking consultations as mandated by the Fund's ESP.
- Expanding the eligibility to RIEs and MIEs would also enable more effective consultations and involvement of the local stakeholders in the design of the project.
- The scope and the size of the requested PFG funding should be justified to enable the review of the PFG alongside the project concept note.

Locally-led Adaptation: Background

- AF contributed to development of LLA Principles developed by Global Commission on Adaptation in 2021
- AF was amongst the first funder to endorse LLA Principles- decision B.35-36/14.
- The principles for LLA align with the Adaptation Fund's mission to accelerate effective adaptation action and efficient access to finance, and with its existing policy frameworks, including its environmental and social policy, gender policy.
- As of February 2024, close to 130 organizations and governments have endorsed the LLA principles, committing to make changes and strengthening existing efforts to meet this urgent and growing adaptation agenda.
- The list of organizations includes Ministries and agencies from both developing and developed countries as well as a number of bilateral funding agencies (AFD, Sida, USAID)
- - A community of practice composed of organizations that endorsed the principles, and of which the Adaptation Fund is member



Additional delivery modalities for expanding support to LLA in the Adaptation Fund



8 PRINCIPLES

For Locally led Adaptation



Principle 1

Devolving decision making to the lowest appropriate level



Principle 2

Addressing structural inequalities faced by women, youth, disabled, displaced people, indigenous people & marginalised ethnic groups



Principle 3

Providing patient & predictable funding that can be accessed more easily



Principle 4

Investing in local capabilities to leave an institutional legacy



Principle 5

Build a robust understanding of climate risk & uncertainty



Principle 6

Flexible programming & learning



Principle 7

Ensuring transparency & accountability



Principle 8

Collaborative action & investment



Additional delivery modalities for expanding support to LLA in the Adaptation Fund

Single Country LLA Projects:

- Encourage National Programming
- Build capacity for national delivery mechanism(s)
- Enable involvement of subnational and local governments

NIE

RIE

MIE

- Replace current EDA with LLA window
- Size of projects 5M per project
- Increased PFG: 150 K+100K
- 3 Step approval

Regional LLA Projects (3+ countries)

- Strengthen regional delivery mechanism(s)
- Deliver tailored capacity building and learning hubs, leveraging synergies, based on regional similarities
- Address transboundary needs

RIEs

MIEs

Details developed for B44

Global Aggregator

- Enable direct access to non-accredited entities
- Encourage networking
- Coordinate capacity development (tools, marketplace, networks)
- support to build in-country programming

RIEs *

MIEs

Call for EOI to MIE +RIE for proposals

RIEs can a component for coordinating learning, KM and capacity development for the LLA programme.



PFG caps per project/programme

Inclusive of IE fee, capped at 8.5%

Single Country projects under all funding windows (regular, large innovation and [EDA/LLA]):

- For single country projects below US\$ 2 million the limit is set at US\$ 50,000;
- For single country projects US\$ 2 million and above but below US\$ 5 million the limit is set at US\$ 100,000;
- For single country projects US\$ 5 million and above, the limit is set at US\$ 150,000;

Additional PFG for [LLA] projects:

- For single country [LLA] projects, additional PFG amount up to a maximum of US\$ 100,000 and will be evaluated on a case-by-case basis as per the provided justifications to support activities that enable devolving decision making to local actors & to enable local actors to make informed decisions on how adaptation actions are defined, prioritized, designed and implemented.

Regional projects under all funding windows:

- For all regional projects of US\$ 5 million and above with less than three countries, the limit is set at US\$ 150,000.
- The limit can increase by US\$ 15,000 for each additional country involved, up to a maximum of US\$ 250,000.

PFG for projects submitted using three-step approach:

- When a 3-step approach is used, the maximum amount of PFG that can be requested at the pre-concept stage is twenty percent (20%) of the maximum total PFG applicable to the project.

Requests for a PFG should be made at the same time as the submission of a project concept or pre-concept to the secretariat using the revised PFG form in Annex I of document AFB/PPRC.33/40.

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Next steps

Single Country LLA projects

- Revised proposal template and project review sheet contained respectively in Annex 3 and Annex 4 of document AFB/PPRC.33/39 approved at AFB42
- <https://www.adaptation-fund.org/document/additional-delivery-modalities-for-expanding-support-to-locally-led-adaptation/>
- Secretariat to develop instructions for preparing requests for proposals and additional guideline materials for projects/programmes under this window

Global Aggregator for LLA

- Secretariat to issue a request for EOIs from MIEs and RIEs to serve as aggregator(s) for small grants for LLA under the Global LLA Aggregator programme.
- Criteria described in paragraphs 45-53 <https://www.adaptation-fund.org/document/additional-delivery-modalities-for-expanding-support-to-locally-led-adaptation/>
- To review the proposals received, and to present the results to the PPRC at its 34th meeting (Oct 2024).
- Guidance to the MIE and RIE aggregators for preparing proposals the Global LLA Aggregator programme (to be developed)

Regional LLA projects/programmes

- Secretariat to present options for a new window for regional projects for consideration by the AFB at its 44th meeting (Spring 2025).

Indicators for LLA projects and programmes

- Secretariat to develop indicators for LLA projects and programme for consideration by the AFB at its 43rd meeting (Oct 2024)

New & Simplified Proposal Submission Process



Implementing Entities (IEs) are invited to submit project proposals and concepts **on a rolling basis** for all funding windows



To submit a proposal, the IE should submit to the AFB secretariat the relevant **proposal template & a valid Letter of Endorsement** signed by the DA, with the DA copied



AFB secretariat will deliver a **first technical review within 3 weeks** of receiving a proposal, except during the “review intermission” period (shortly before and during the Board meeting) & **IEs have up to 3 weeks to resubmit a revised proposal** after having received the technical review



The **AF Board considers proposals and concepts** that are technically cleared during its biannual Board meetings in March/April & October of each year.

Project proposal templates and guidance documents are available under:

<https://www.adaptation-fund.org/apply-funding/project-funding/project-proposal-materials/>



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Contact Information

- **Innovation window**

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- **Action Window (incl. LLA):**

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- **Learning Window:**

- Cristina Dengel cdengel@adaptation-fund.org
- Kalterine Vrenezi kvrenezi@adaptation-fund.org

- **PROPOSAL SUBMISSIONS:**

- submissions@adaptation-fund.org copied to Team members above as well as our general email address afbsec@adaptation-fund.org



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Thank You

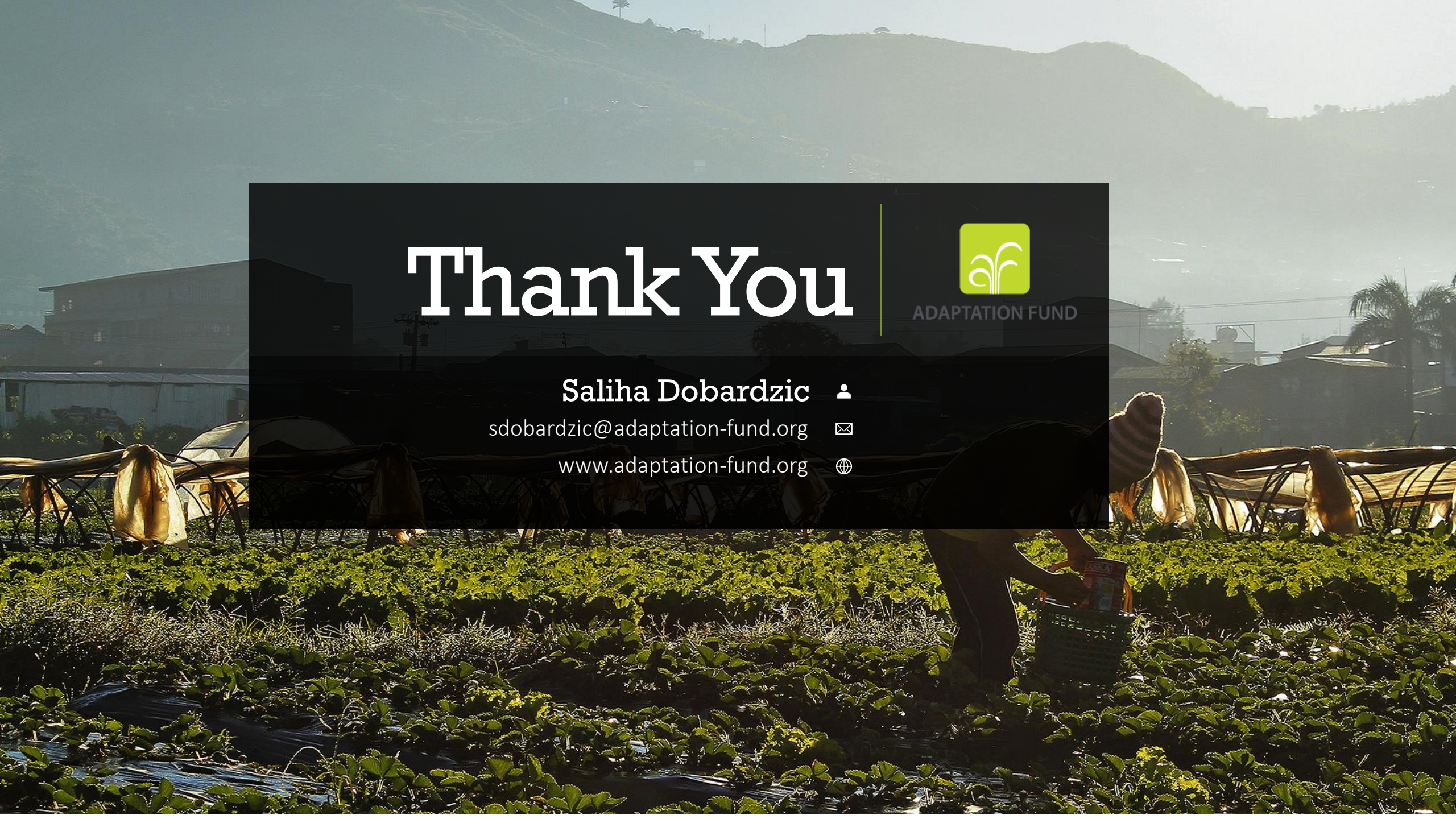


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Activities that are eligible for PFG funding



Local consultations, and/or workshops to discuss the specific project and program ideas (including translation into local languages, preparation of background papers, etc).

Travel costs for experts, when required, for consultations and discussions with interested parties and stakeholders, and local participation as needed in project design.

Country-, region-, or site-specific risk assessments, including identifying hazards, vulnerabilities, development of scenarios and determining hazard mitigation options.

Consultancies and contracts to develop program and/or project options.

Gender and Environmental and Social risk analyses and formulation of Environmental and Social Management Plan and Gender Action Plan.

Free prior and informed consent and related consultations where appropriate to ensure compliance with the Environmental and Social Policy.

Specific analyses in support of the proposed projects (policy analysis, data inventories and analyses, cost effectiveness, etc).

Identification of project or programme indicators and development of monitoring and evaluation plan.

Costs of translating documents into and out of English.

Assessing capacity of executing partners.

Enabling activities that support devolving the decision making regarding the project design to the lowest appropriate level.

Identification of project/programme level indicators

Expenditures that are **not eligible** for PFG support include:



Costs associated with normal responsibilities of an IE and/or government staff beyond specific project preparation and formulation activities.



Project start-up costs; demonstration and pilot projects and large-scale enabling activities.



Capital goods other than those directly required for project preparation (e.g. computers, hardware and mechanical equipment).



Purchase of motorized vehicles.

