AFB/PPRC.34/8
9 October 2024

Adaptation Fund Board
Project and Programme Review Committee
Thirty-fourth meeting
Bonn, Germany, 8-9 October 2024

Agenda Item 13.

EXPRESSIONS OF INTEREST FROM MULTILATERAL AND REGIONAL IMPLEMENTING ENTITIES OF THE ADAPTATION FUND TO SERVE AS SMALL GRANTS AGGREGATORS IN THE LOCALLY-LED ADAPTATION AGGREGATOR PROGRAMME

Background

1. The Adaptation Fund Board (the Board) at its forty-second meeting decided:

   (a) To establish a new global LLA aggregator programme for channelling grants for LLA to nonaccredited entities, as described in paragraphs 45−53 of document AFB/PPRC.33/39;

   (b) To request the secretariat to issue a request for expressions of interest from MIEs and RIEs to serve as aggregator(s) for small grants for LLA under the Global LLA Aggregator programme, to review the proposals received, and to present the results to the PPRC at its thirty-fourth meeting;

   (c) To request the secretariat to include in its work programme for fiscal year 2025 a provision for the Global Aggregator programme for channelling grants for LLA to non-accredited entities;

   (d) To request the secretariat to develop guidance to the MIE and RIE aggregators for preparing proposals for small grant programmes for LLA under the Global LLA Aggregator programme;

   …

   (Decision B.42/36)

2. Through Decision B.39/61, approved the Fund's new Medium-Term Strategy (MTS-II) for the 2023 – 2027 period. The strategy introduced a special emphasis on promoting locally led adaptation (LLA) in the Fund's work and included a new cross-cutting theme to "Promote locally based and locally led adaptation action including by devolving access and decision-making on adaptation finance to national, subnational, and local levels." The Adaptation Fund Board further adopted at its fortieth meeting the implementation plan of the MTS-II, as contained in the annex to document AFB/B.40/5/Rev.1. The implementation plan further defined actions and options to be undertaken by the Fund to expand support for LLA. Having considered this, the Board decided:

   (a) To request the secretariat:

   (i) To prepare, for each proposed type of new or adjusted grant and funding window, a specific document containing objectives, review criteria, expected grant sizes, implementation modalities, review process and other relevant features, and present them for consideration by the Board, in accordance with the tentative timeline contained in the Annex I to document AFB/B.40/5/Rev.1.

   (Decision B.40/72)

Medium-Term Strategy 2023-2027 (MTS-II)

3. The Board through Decision B.39/61, approved the Fund's new Medium-Term Strategy (MTS-II) for the 2023 – 2027 period. The strategy introduced a special emphasis on promoting locally led adaptation (LLA) in the Fund's work and included a new cross-cutting theme to "Promote locally based and locally led adaptation action including by devolving access and decision-making on adaptation finance to national, subnational, and local levels." The Adaptation Fund Board further adopted at its fortieth meeting the implementation plan of the MTS-II, as contained in the annex to document AFB/B.40/5/Rev.1. The implementation plan further defined actions and options to be undertaken by the Fund to expand support for LLA. Having considered this, the Board decided:

> *(b) To request the secretariat:*
> *(ii) To prepare, for each proposed type of new or adjusted grant and funding window, a specific document containing objectives, review criteria, expected grant sizes, implementation modalities, review process and other relevant features, and present them for consideration by the Board, in accordance with the tentative timeline contained in the Annex I to document AFB/B.40/5/Rev.1.*
>
> **(Decision B.40/72)**

4. The implementation plan identified the following actions for the implementation of the cross-cutting theme "Promote locally-based or locally-led adaptation actions":

Under the action pillar

(a) The Fund will continue to support concrete adaptation projects and programmes that meaningfully involve and deliver benefits to local actors and the Board will be invited to consider enhanced project review criteria, proposal templates and guidelines, as well as revised project reporting requirements.

(b) To expand support to modalities that promote locally led action, and expand the reach of the Fund, it is proposed to enhance measures, including the existing Enhanced Direct Access window, a new Global MIE Aggregator programme for channeling grants for LLA to non-accredited entities, and opening the option for EDA-type national programmes for MIEs and RIEs.

(c) The proposed new aggregator programme would resemble the model of the AF Climate Innovation Accelerator (AFCIA) but would be focused on LLA. Accredited MIEs could be invited to express interest for administering such a programme, especially those MIEs that are active in LLA relevant themes, sectors and target groups.

(d) Such a vehicle for LLA grants through global MIE aggregators would also be an opportunity, among others, for the Board to identify, on a pilot basis, sectors, themes or target groups with high impact potential or relevance for adaptation and/or that are currently being underrepresented in adaptation, such as related to health, biodiversity and nature-based solutions, fragile and conflict-affected settings, Indigenous Peoples etc.

Under the learning and sharing pillar

(a) The Fund will expand its knowledge base and knowledge products on successful and efficient adaptation actions involving local actors through different modalities, and will enhance its participation in the community of practice for locally led adaptation.

(b) It will promote locally led adaptation by sharing local communities and vulnerable groups' adaptation experiences and roles as "agents of change", including indigenous and traditional knowledge and intersectional perspectives.

5. The implementation plan also stated that, recognizing the specific nature of LLA interventions which require dedicated capacity and significant resources for successful project implementation, the Fund will further explore options to promote awareness and support capacities for LLA financing models through the Fund's accreditation and re-accreditation process and the Fund's enhanced readiness programme.

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

6. The implementation plan of the MTS-II outlines 3 modalities for expanding support to LLA:

- Enhancing the existing Enhanced Direct Access window,
- Establishing a new Global MIE Aggregator programme for channeling grants for LLA to non-accredited entities,
- Opening the option for EDA-type national programmes for MIEs and RIEs.

7. As mandated by the Board's request in paragraph b (iii) of Decision B.40/72, the document AFB/PPRC.33/39 'Additional delivery modalities for expanding support to locally led adaptation' was developed, leading to Decision B.42/36 referenced at the beginning of this document.

Call for Expressions of Interest to Serve as LLA Aggregator

8. The secretariat issued a Call for Expressions of Interest to implement the locally-led adaptation aggregator programme to the MIEs and RIEs via a communique sent to all MIEs and RIEs of the Adaptation Fund (circulated on June 24, 2024). Prior to this, the call for EOIs was announced as upcoming on multiple opportunities, including during the Fund's webinar that was organized to inform all IEs about the outcomes of the forty-second meeting of the Board.

Provisional Criteria

9. As elaborated in the call for the EOIs, it was stated that EOIs should provide a vision for the LLA aggregator, with a provisional framework design of the initiative, including a description of:

(a) Alignment with the vision and Principles of LLA;

(b) Supporting the implementation of the Global Goal on Adaptation;

(c) Proposed implementation modality or modalities with a demonstration of a fit-for purpose delivery approach;

(d) Granting mechanism and proposed review process or processes; with specificity of innovative options for facilitating submission of proposals by local actors;

(e) Arrangements for project management, risk management, compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund;

(f) Administration cost or management fee or provisional budget, including for coordination, support for NIEs, and other;

(g) Budget and breakdown of costs, arrangements of monitoring and evaluation, disbursement and milestone schedule, etc.

10. In addition, it was stated that interested IEs should include a component for coordinating learning, knowledge management and capacity development for the LLA programme. This strategic component should respond to the priorities of the "Learning-and-sharing" strategic pillar of the Fund's MTS. The IE should outline how it would build and document the evidence-base for LLA and share knowledge and lessons learned from the LLA portfolio, including local and indigenous knowledge, on effective and innovative LLA approaches. The IE should also describe options for developing capacities of and providing technical assistance to local actors to effectively advance LLA. Options for supporting capacity to develop national or regional programming for LLA are encouraged, particularly of NIEs, where applicable.

11. Implementing Entities responding to the EOI were also informed that they should provide a description to demonstrate their capacities and experience in the following areas:

(a) Technical expertise and facility to manage community-based grant-making: The IE should demonstrate leadership and experience supporting CSOs, such as representing youth, women and IPCLs, through community-based grant-making and or capacity-building initiatives and grant-making to civil society organizations and community groups.

(b) Capability of leveraging own resources and ability to operate in multiple countries: The IE is encouraged to mobilize co-financing and foster other active (non-financial) engagement from public and private sources.

(c) Recognition for knowledge products: The IE should demonstrate an established track record in generating an evidence-base and in creating knowledge products, in particular through innovative models that help engage local stakeholders and countries make informed decisions and implement adaptation activities.

12. It was stated that proposals by MIEs should be global in scope and may be focused on one or more thematic areas. Initiatives can address LLA in any sector, and that proposals by RIEs should be open to and strive to include all eligible countries of the region being served by the RIE, if those countries wish to partake in the initiative.

Response to the Call for the Expressions of Interest

13. By the deadline, the secretariat had received six submissions for the consideration of the Board. Two of the EOIs received were from IEs currently undergoing the reaccreditation process.

14. The secretariat reviewed the eligible submissions, considering the provisional criteria laid out in the expression of interest (Annex 1) and recaptured in the previous section. The EOIs are appended to this document (Annexes 2, 3, 4 and 5).

Modalities and Procedures

15. The RIE and/or MIE accelerator(s) would, upon being selected and accepting the role, prepare a proposal, following a one-step process for regional projects and programmes, submitting a fully-developed project proposal, which will be

reviewed against the criteria for such projects/programmes, as applicable, for the consideration of the Board at the forty-fourth meeting.

Recommendation

16. The PPRC recommends to the Board to:

(a) Invite the [NAME OF SELECTED IE(s)] to develop a programme(s) of up to US$ [AMOUNT];

(b) Request the selected IE(s) 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.

List of Annexes

Annex 1 - Call for Expressions of Interest from Multilateral and Regional Implementing Entities of the Adaptation Fund to Serve as Small Grants Aggregators in the Locally-Led Adaptation Aggregator Programme

Annex 2 – Expression of Interest: Caribbean Development Bank (CDB)

Annex 3 – Expression of Interest: Development Bank of Latin America and the Caribbean (CAF)

Annex 4 – Expression of Interest: United Nations Industrial Development Organisation (UNIDO)

Annex 5 – Expression of Interest: World Bank (International Bank for Reconstruction and Development) (IBRD)

Annex 1

20 June 2024

CALL FOR EXPRESSIONS OF INTEREST FROM MULTILATERAL AND REGIONAL IMPLEMENTING ENTITIES OF THE ADAPTATION FUND TO SERVE AS SMALL GRANTS AGGREGATORS IN THE LOCALLY-LED ADAPTATION AGGREGATOR PROGRAMME

Annex 1

Background

1. The Adaptation Fund Board, through Decision B.39/61, approved the Fund's new Medium Term Strategy (MTS-II) for the 2023 – 2027 period. The strategy introduced a special emphasis on promoting locally led adaptation (LLA) in the Fund's work and included a new cross-cutting theme to "Promote locally based and locally led adaptation action including by devolving access and decision-making on adaptation finance to national, subnational, and local levels." The Adaptation Fund Board further adopted at its fortieth meeting the implementation plan of the MTS-II, as contained in the annex to document AFB/B.40/5/Rev.1. The implementation plan further defined actions and options to be undertaken by the Fund to expand support for LLA.

2. The Board also requested the secretariat to "prepare, for each proposed type of new or adjusted grant and funding window, a specific document containing objectives, review criteria, expected grant sizes, implementation modalities, review process and other relevant features, and present them for consideration by the Board, in accordance with the tentative timeline contained in the Annex I to document AFB/B.40/5/Rev.1." (Decision B.40/72, para (b) (iii)).

MTS-II Implementation plan actions

3. The implementation plan identified the following actions for the implementation of the cross-cutting theme "Promote locally-based or locally led adaptation actions":

- Under the action pillar

  a. The Fund will continue to support concrete adaptation projects and programmes that meaningfully involve and deliver benefits to local actors and the Board will be invited to consider enhanced project review criteria, proposal templates and guidelines, as well as revised project reporting requirements.

  b. To expand support to modalities that promote locally led action, and expand the reach of the Fund, it is proposed to enhance measures, including the existing Enhanced Direct Access window, a new Global MIE Aggregator programme for channeling grants for LLA to non-accredited entities, and opening the option for EDA-type national programmes for MIEs and RIEs.

  c. The proposed new aggregator programme would resemble the model of the AF Climate Innovation Accelerator (AFCIA) but would be focused on LLA. Accredited MIEs could be invited to express interest for administering such a programme, especially those MIEs that are active in LLA relevant themes, sectors and target groups.

  d. Such a vehicle for LLA grants through global MIE aggregators would also be an opportunity, among others, for the Board to identify, on a pilot basis, sectors, themes or target groups with high impact potential or relevance for adaptation and/or that are currently being underrepresented in adaptation, such as related to health, biodiversity and nature-based solutions, fragile and conflict-affected settings, Indigenous Peoples etc.

- Under the learning and sharing pillar:

a. The Fund will expand its knowledge base and knowledge products on successful and efficient adaptation actions involving local actors through different modalities, and will enhance its participation in the community of practice for locally led adaptation.

b. It will promote locally led adaptation by sharing local communities and vulnerable groups' adaptation experiences and roles as "agents of change", including indigenous and traditional knowledge and intersectional perspectives.

- *Recognizing the specific nature of LLA interventions which require dedicated capacity and significant resources for successful project implementation, the Fund will further explore options to promote awareness and support capacities for LLA financing models through the Fund's accreditation and re-accreditation process and the Fund's enhanced readiness programme.*

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

4. The implementation plan of the 2023-2027 MTS, adopted by the Board through Decision B.40/72, outlines 3 modalities for expanding support to LLA:

- enhancing the existing Enhanced Direct Access window,
- establishing a new Global MIE Aggregator programme for channeling grants for LLA to non-accredited entities,
- opening the option for EDA-type national programmes for MIEs and RIEs.

5. As mandated by the Board's request in paragraph b (iii) of Decision B.40/72, the document AFB/PPRC.33/39 'Additional delivery modalities for expanding support to locally led adaptation' was developed and the Board decided:

[…]

Global locally-led adaptation programmes

(i) To establish a new global LLA aggregator programme for channelling grants for LLA to nonaccredited entities, as described in paragraphs 45−53 of document AFB/PPRC.33/39;

(j) *To request the secretariat to issue a request for expressions of interest from MIEs and RIEs to serve as aggregator(s) for small grants for LLA under the Global LLA Aggregator programme, to review the proposals received, and to present the results to the PPRC at its thirty-fourth meeting;*

(k) *To request the secretariat to include in its work programme for fiscal year 2025 a provision for the Global Aggregator programme for channelling grants for LLA to non-accredited entities;*

(l) *To request the secretariat to develop guidance to the MIE and RIE aggregators for preparing proposals for small grant programmes for LLA under the Global LLA Aggregator programme;*

[…]

(Decision B.42/36)

Annex 1

Locally led adaptation Principles

6. In January 2021, the Global Commission on Adaptation launched a set of principles, based on over a year of consultations aimed at strengthening LLA. These principles call for devolving access and decision-making on adaptation finance to national, subnational, and local levels. The Adaptation Fund actively contributed to the development of the LLA principles, as outlined in document AFB/B.35-36/5 and was one of the first funders to endorse them, through decision B.35-36/14. As of February 2024, close to 130 organizations and governments have endorsed these principles, committing to make changes, and strengthening existing efforts to meet this urgent adaptation agenda.

7. The 8 principles for locally led adaptation are as follows;

1. Devolving decision making to the lowest appropriate level
Giving local institutions and communities more direct access to finance and decision-making power over how adaptation actions are defined, prioritized, designed and implemented; how progress is monitored; and how success is evaluated.

2. Addressing structural inequalities faced by women, youth, children, disabled and displaced people, Indigenous Peoples and marginalized ethnic groups
Integrating gender-based, economic and political inequalities that are root causes of vulnerability into the core of adaptation action and encouraging vulnerable and marginalized individuals to meaningfully participate in and lead adaptation decisions.

3. Providing patient and predictable funding that can be accessed more easily
Supporting long-term development of local governance processes, capacity, and institutions through simpler access modalities and longer term and more predictable funding horizons, to ensure that communities can effectively implement adaptation actions.

4. Investing in local capabilities to leave an institutional legacy
Improving the capabilities of local institutions to ensure they can understand climate risks and uncertainties, generate solutions and facilitate and manage adaptation initiatives over the long term without being dependent on project-based donor funding.

5. Building a robust understanding of climate risk and uncertainty
Informing adaptation decisions through a combination of local, Indigenous and scientific knowledge that can enable resilience under a range of future climate scenarios.

6. Flexible programming and learning
Enabling adaptive management to address the inherent uncertainty in adaptation, especially through robust monitoring and learning systems, flexible finance and flexible programming.

7. Ensuring transparency and accountability
Making processes of financing, designing and delivering programmes more transparent and accountable downward to local stakeholders.

8. Collaborative action and investment
Collaboration across sectors, initiatives and levels to ensure that different initiatives and different sources of funding (humanitarian assistance, development, disaster risk reduction, green recovery funds and so on) support one another, and their activities avoid duplication, to enhance efficiencies and good practice.

8. 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. All of the Fund's activities are designed to promote locally based or locally led action, enhance access to climate finance and long-term institutional and technical capacities, empower the most vulnerable people and communities as agents of change, advance gender equality, encourage and enable the scaling and replication of results, and strengthen complementarity, coherence and synergies with other adaptation funders and actors.

Call for Expressions of Interest to Serve as LLA Aggregator

9. The global aggregator for LLA was identified in the Implementation Plan of the MTS as a key modality to expand the reach of the Fund and enable entities that are not accredited with the Fund, especially grass-root organizations that are most impacted by climate change, to access adaptation finance through small or micro-grants. Such a vehicle for LLA grants through a global aggregator would also be an opportunity, among others, for the Board to identify, sectors, themes or target groups with high impact potential or relevance for adaptation and/or that are currently being underrepresented in adaptation, such as health, biodiversity and nature-based solutions, fragile and conflict-affected settings, Indigenous Peoples etc.

10. The "non-accredited entities" could include civil society organizations, community-based organizations, Indigenous People organizations, women organizations, local governments, non-profit groups, and small and medium-sized enterprises (including start-ups). Such entities should be local, subnational, or national in character, based in the countries that are eligible to receive funding from the Fund, and operating mostly at local level.

11. The role of the Aggregator mechanism will be to cast a wide net over the eligible countries in order to competitively source opportunities for promoting LLA, and the Fund's broader mission to support concrete adaptation action. This includes awarding grants that would result in locally led concrete adaptation action as well as building capacity development initiatives and managing knowledge that emerges from the evidence produced by the Fund's small grants effort. Tentatively, and subject to interest and demand, two rounds of Requests for Proposals (RFP) are planned in the period between 2024 and 2027.

12. The LLA Aggregator role is open to any accredited MIE and RIE. Moreover, the LLA Aggregator would be expected to work with NIEs, where available, to help advance LLA in the country. Where possible, NIEs that have experience administering LLA interventions should be meaningfully involved in the design and coordination of the LLA Aggregator activities.

13. The secretariat is therefore issuing a **Call for Expressions of Interest to MIEs and RIEs** of the Adaptation Fund. While the LLA, as a whole, would continue to have a global reach, the individual proposals from IEs may have a regional and/or thematic focus.

Provisional Criteria

14. The EOI should provide a vision for the LLA aggregator, with a provisional framework design of the initiative, including a description of:

(a) Alignment with the vision and Principles of LLA;

(b) Supporting the implementation of the Global Goal on Adaptation;

(c) Proposed implementation modality or modalities with a demonstration of a fit-for purpose delivery approach;

(d) Granting mechanism and proposed review process or processes; with specificity of innovative options for facilitating submission of proposals by local actors;

(e) Arrangements for project management, risk management, compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund;

(f) Administration cost or management fee or provisional budget, including for coordination, support for NIEs, and other;

(g) Budget and breakdown of costs, arrangements of monitoring and evaluation, disbursement and milestone schedule, etc.

15. In addition, interested IEs should include a component for coordinating learning, knowledge management and capacity development for the LLA programme. This strategic component should respond to the priorities of the “Learning-and-sharing” strategic pillar of the Fund’s MTS. The IE should outline how it would build and document the evidence-base for LLA and share knowledge and lessons learned from the LLA portfolio, including local and indigenous knowledge, on effective and innovative LLA approaches. The IE should also describe options for developing capacities of and providing technical assistance to local actors to effectively advance LLA. Options for supporting capacity to develop national or regional programming for LLA are encouraged, particularly of NIEs, where applicable.

16. Implementing Entities responding to the EOI should provide a description to demonstrate their capacities and experience in the following areas:

(a) Technical expertise and facility to manage community-based grant-making: The IE should demonstrate leadership and experience supporting CSOs, such as representing youth, women and IPCLs, through community-based grant-making and or capacity-building initiatives and grant-making to civil society organizations and community groups.

(b) Capability of leveraging own resources and ability to operate in multiple countries: The IE is encouraged to mobilize co-financing and foster other active (non- financial) engagement from public and private sources.

(c) Recognition for knowledge products: The IE should demonstrate an established track record in generating an evidence-base and in creating knowledge products, in particular through innovative models that help engage local stakeholders and countries make informed decisions and implement adaptation activities.

17. Proposals by MIEs should be global in scope and may be focused on one or more thematic areas. Initiatives can address LLA in any sector. Proposals by RIEs should be open to and strive to include all eligible countries of the region being served by the RIE, if those countries wish to partake in the initiative.

Annex 1

Timeline

20. Please note that, at this time, two rounds of funding are tentatively envisioned: one in 2024 and another in 2027. Subject to the decision of the Board, for the first round, MIEs and RIEs are invited to propose programmes, including provisional funding amount requested, for the consideration of the Board.

21. The expressions of interest should be submitted to the AFB Secretariat no later than **August 12, 2024.** Subsequent to the receipt of the EOIs, the Adaptation Fund Board would deliberate and decide which IE(s) would be invited to submit a fully-developed proposal for funding in this first round.

Annex 2

Funding Proposal Template

Application Template for Pre-Concept Proposal

PROGRAMME ON INNOVATION: LARGE GRANTS PROJECTS

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

Annex 2

ADAPTATION FUND

PRE-CONCEPT FOR A REGIONAL INNOVATION PROJECT/PROGRAMME

PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme:	Scaling-up Local/Community-Led Action for Resilience Building in Caribbean SIDS to the Impacts of Climate Change
Countries:	Antigua and Barbuda, Belize, Grenada, Jamaica, Saint Vincent and the Grenadines
Thematic Focal Area:	Disaster risk reduction and early warning systems
Type of Implementing Entity:	Regional
Implementing Entity:	Caribbean Development Bank
Executing Entities:	
Amount of Financing Requested:	8,435,332 (in U.S Dollars Equivalent)

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 country perspective.)

The Inter-Governmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) states that climate change (CC) resulting from continued global warming could significantly hinder sustainable development in the nations of the Caribbean. Caribbean countries are projected to experience the impacts of CC, which include higher intensity tropical cyclones and sea level rise coupled with storm surges, which will exacerbate coastal inundation and increase the potential for saltwater intrusion in aquifers. Changing precipitation patterns will result in reduced rainfall during the rainy season, increased aridity and more severe agricultural and ecological droughts.

The following is a summary of climate trends and projections for the Caribbean region from climate models:[1]

[1] Climate Studies Group Mona (Eds.). 2020. "The State of the Caribbean Climate". Produced for the Caribbean Development Bank.

- The number of consecutive dry days is increasing, as well as the amount of rainfall during rainfall events.
- Regional Climate Model (RCM) based projections suggest up to 25 and 35 per cent less rainfall by the end of the century

- The mean temperature increase (in °C) from GCMs will be 0.48-0.56°C by the 2020s; 0.65-0.84°C by the 2030s, 0.86°-1.50°C by the 2050s, and 0.83-3.05°C by the end of the century with respect to a 1986-2005 baseline over all four RCPs.
- For the Caribbean, the combined range for projected sea level rise (SLR) spans 0.26-0.82 m by 2100 relative to 1986-2005 levels. The range is 0.17-0.38 for 2046 – 2065.
- Increase in category 4 and 5 hurricanes; rainfall intensity, associated peak wind intensities, mean rainfall since 1995.
- An 80% increase in the frequency of Saffir-Simpson category 4 and 5 Atlantic hurricanes over the next 80 years using the A1B scenario.

Between 1997 and 2017, the Caribbean experienced average annual losses of US$1.2 billion as a result of disasters resulting from natural hazard impacts such as extreme weather events (i.e., tropical storms/hurricanes, floods and landslides) or slow-onset events (i.e., drought, rising temperatures, sea level rise and saltwater intrusion in aquifers).[2] Over the same period, 1.2 million people were directly displaced due to the disasters. The 2017 hurricane season provided an example of what the future holds for the region as two Category 5 hurricanes, Irma and two weeks later, Maria, devastated the region causing over US$ 5bn in damages.[3] Hurricane Beryl in June and July 2024, devastated parts of Grenada, Jamaica and Saint Vincent and the Grenadines, causing an initial estimate of US$500 million in damage, and setting the record for the earliest formation of a Category 4 or 5 hurricane in the Caribbean.[4]

Caribbean nations have a high vulnerability to climate change. With most of the population and key infrastructure located along the coast Caribbean countries are at high risk from climate change, both from extreme events such as hurricanes and intense rainfall, and slow onset hazards such as sea-level rise These events recurrently impact economic performance, productivity, livelihood and quality of life.

The State of the Caribbean Climate Report states the following: “The region has struggled with addressing these climate-related threats in an anticipatory manner, and this has increased individual and collective vulnerability. One key example is the frequently reactive manner in which slow-onset events such as droughts are addressed.” For instance, the shortage of water storage facilities and the need for emergency supplies (“trucking”) during droughts has been highlighted in a number of studies.[5] The challenge to be more proactive remains despite significant efforts

[2] World Bank, Disaster Risk Management in the Caribbean: The World Bank’s Approaches and Instruments for Recovery and Resilience, 2018. Other estimates include $58 billion in economic costs between 1950 1nd 1917 by the IMF: Building Resilience to Climate Change and Natural Hazards in the Caribbean. IMF, 2017.

[3] https://reliefweb.int/report/dominica/regional-overview-impact-hurricanes-irma-and-maria

[4] “Hurricane Beryl Could Cost Private Insurers $500 million for Damage in the Caribbean.” Miami Herald, July 12, 20224

[5] See for example: Assessment of the Water Sector in the Caribbean, CDB TA Project, January 2015, and Regional Strategic Action Plan for Governance and Building Climate Resilience in the Water Sector in the Caribbean, CDB, IADB, CWWA, October 2018.

such as work led by the Caribbean Institute for Meteorology and Hydrology (CIMH) to improve early warning for drought. The Report suggests that based on past experience, in relation to extreme climate events occurring the guiding maxim should be *not if, but when*, so action should be taken to deal with climate hazards before they occur. The Report further recommends that

planning and decision-making efforts are (i) proactive, (ii) not curtailed or stalled once the threat is deemed to be past, and (iii) guided by past lessons and available expertise.

Communities are on the frontline of the impact of climate change and disasters, in particular, low income communities in high-risk areas where climate shocks, such as extreme weather events or slow-onset events pose serious risks to community livelihoods and ecosystems, and damage infrastructure.[6] "The most vulnerable groups are female-headed households, children, persons with disabilities, Indigenous Peoples, displaced persons, sexual and gender minorities, older persons, and other socially marginalized groups. Their vulnerability lies in their financial, socioeconomic, cultural, and gender status; and their limited access to resources, services and decision-making power." [7]

For communities to be effective on the frontline, they require some key skills which are lacking (for e.g., the Basic Needs Trust Fund (BNTF)[8] 2023 assessment highlighted several gaps in relation to competencies within community-based groups and the fact that some community development professionals are lacking basic community engagement skills). Lessons from the Community Disaster Risk Reduction Fund (CDRRF)[9] also stressed the need for a more inclusive project design and implementation to secure local ownership. These lessons have to be incorporated in CC interventions at the community-level and are integral to the Locally Led Adaptation approach on which the design of the proposed project is based.

Across the Caribbean, natural ecosystems play a vital role in safeguarding the goods and services that the people depend on. These goods support livelihoods and critical national economic sectors such as agriculture, fisheries and tourism, while ecosystem services include food security, water, climate regulation and climate adaptation and mitigation as well as cultural benefits such as recreation. Degradation of terrestrial ecosystems from natural hazards (e.g., tropical storms and hurricanes, extreme rainfalls, drought, earthquakes, volcanic activity and tsunamis) and also from human activities (e.g., poor land use, overexploitation of natural resources, and unsustainable conservation practices) is a major threat to livelihoods, agriculture, water supply, tourism and a country's economy. Climate change is also impacting coastal and marine ecosystems in addition to habitat conversion, overexploitation, and pollution from suspended solids and chemicals. Natural hazard events and human activities often have a cumulative effect that accelerates the rate of degradation of these vital ecosystems, keeping people in the cycle of low income and poverty.

There has been progress in the Caribbean with the implementation of a number of community disaster risk management programmes. Forecasting and early warning have improved but given the size of the Caribbean region and the range of hazards, gaps in coverage remain. A review of early warning systems in the Caribbean by the World Meteorological Organisation (WMO) in 2017 highlighted the need for more early warning systems at regional, national and community levels.[6]

[6] Global Facility for Disaster Risk Reduction, 2018. CREWS Caribbean

[6]For example, in Dominica, both Tropical Storm Ericka (2015) and Hurricane Maria (2017) destroyed the main highway linking the southern communities of Bellevue Chopin, Pichelin, Grand Bay, Bagatelle and Fond St. Jean, cutting off critical access for all social and economic activity of these respective communities, that were also affected by landslides and flooding. (Post-Disaster Needs Assessment, 2017) [7] World Bank, July 1, 2023, Blogpost. "Social Dimensions of Climate Change."

[8] The BNTF is a multi-donor Trust Fund managed by the Caribbean Development Bank

[9] The CDRRF is a multi-donor Trust Fund managed by CDB that was operated between 2012 and 2021

Similarly, Knowledge Attitude and Practice (KAP) studies conducted for the CDRRF found a demand for more Early Warning Systems (EWS) at community level.

In the absence of EWS, communities rely on measures such as hard structural protection measures that are expensive to build, provide limited standard of protection and have a limitedservice life.

Increasing vulnerability to climate variability and CC and low adaptive capacity, are preventing households from breaking out of the cycle of low incomes and poverty. Caribbean communities face additional barriers in reducing the vulnerability of natural resource-based livelihoods in the face of climate change. These include: (i) shortage of technical capacity in climate smart agriculture; (ii) shortage of alternative livelihood opportunities; and (iii) limited awareness about how these issues relate to community sustainability and climate change resilience. There are other capacity gaps within the overall governance structures such as accessing development resources (due to limited ability for proposal writing), the challenge with legal registration, and limited capacity of community leaders to engage the wider community. Vulnerable communities need support to address the above barriers.

The WMO 2017 review, also taking account of the devastating experiences from the 2017 Caribbean hurricane season, concluded that "populations at risk require Early Warning Systems and emergency alerts that provide clearly defined actions and preventive measures to reduce the impact of climate and weather-related hazards."

Investment in Community Early Warning Systems (CEWS) can save lives of those most at risk, and help to protect their property and livelihoods. In the absence of a CEWS individuals and communities threatened by hazards are unable to take the necessary preparedness measures and respond in a timely manner to reduce the possibility of harms or losses. Furthermore, the topography of the islands, ranging from low lying coral islands such as Barbuda, to volcanic islands with rugged mountainous interiors, such as Grenada, extenuates natural hazard risks including flooding, landslides, coastal erosion, drought and volcanic eruptions, amongst others. This requires a multi-hazard approach to disaster risk management and EWS. Moreover, an approach that integrates climate change adaptation with early warning systems is essential for risk reduction approaches that build household resilience and enhance livelihoods.

CDB Experience of Community Led Development

CDB is well placed to lead the effort in the Caribbean to help build communities' capacity to better prepare for the impacts of CC and to promote locally driven coping strategies for adapting to this changing environment. The Bank has been a leader on community led development in the region. It's flagship programme, the Basic Needs Trust Fund, in operation since 1979, has decades-long experience in community-driven and community-based development interventions and is distinguished by its community-targeted, demand- led participatory approaches to the engagement of vulnerable segments of the society for people- focused development. This also

reflects the strategic sector priorities as defined by the respective participating countries (PCs)[11]. Up to September 2021, the BNTF had approved US$331 million for community-based projects. Sub-projects were aligned with Poverty Reduction Action Plans, which were prepared by each

11 Basic Needs Trust Fund's participating countries are Belize, Dominica, Grenada, Jamaica, Guyana, Montserrat, Saint Lucian, St. Vincent and Grenadines and Suriname

PC, and informed by the respective country poverty alleviation strategies. Vulnerable and disadvantaged populations (such as the very young, the elderly, women, pregnant teens, PWDs, at-risk young males and the un/under-employed) were direct beneficiaries across all PCs. Projects covered: Education and Human Resource Development (including citizen security, youth at risk, livelihoods, and micro-enterprise development); Water and Sanitation and Basic Community Access and Drainage. The design of the sub-projects ensures participation by communities and transparency in community decision-making in the identification and priority setting processes.

CDB's has also undertaken extensive work over the last two years to scale-up the engagement with Youth, Indigenous and Tribal Peoples across the Caribbean to include the IP Forum which is a main event at the CDB Annual Meetings and a CDB funded research being done by the University of the West Indies to identify protocols for engaging IPs. These protocols can add significant value in the design of EWS which incorporates Indigenous knowledge. Additionally, CDB in collaboration with the University of Wolverhampton is preparing an online course on Engaging Caribbean Communities, which will be available by the end 0f 2024 and targets community leaders and community development professionals. This is another example of a useful resource that can guide the preparation of community-based EWS.

According to the 2023 Mid-term Evaluation (MTE) of BNTF 9 (2021 – 2024) conducted by independent consultants, PCs value the BNTF programme particularly because (a) its operational procedures and modalities are genuinely and directly responsive to country/community-identified needs; (b) its programmatic nature provides the potential for enhanced visibility and continuity; (c) the programme allows for and the customisation to local situations; and (d) its focus is firmly on poverty reduction, which remains a key priority in all PCs.

The Community Disaster Risk Reduction Fund was another programme where CDB focused at the local level on community-based disaster risk reduction and climate change adaptation. This was a US$25 million multi-donor trust managed by the CDB, that was established in 2012 and closed in 2020, to help community members and groups to reduce their vulnerability to risks associated with natural disasters and to adapt to a changing climate. Participating countries were Belize, British Virgin Islands, Jamaica and SVG. The programme had the following objectives:

a. reduce risk to vulnerable populations at the community level via implementation of natural hazard risk reduction, climate change adaptation and or related livelihood demonstration products,

b. develop experience-based knowledge from the pursuit of demonstration sub-projects to fill national and regional knowledge deficits,

c. develop disaster risk management and CCA-enhanced guidelines for country poverty assessments (CPA), and

d. undertake a targeted strategy for dissemination of knowledge presented

The Final Evaluation Report documented valuable lessons learned from the programme, which CDB has adopted including:

- Future community based CCA/DRR initiatives should more thoroughly assess community implementation capacity before project launch and develop project management processes that take appropriate account of observed limitations. The Bank has revised

  the appraisal process for community projects to allow for increased assessment of the implementation entity.

- The importance of a comprehensive gender analysis. The Bank will ensure that a gender analysis is conducted, including the application of its Gender Marker.

- The CDB should integrate sustainability planning into the design and planning phase of project development. This plan should detail institutional arrangements for output and outcome maintenance and ownership arrangements for project outputs.

There is also potential for scale up of innovative approaches and tools developed under the program, some of which have been adopted by BNTF 10 and by the Caribbean Disaster Emergency Management Agency (CDEMA). Tools developed included:

- NGO community partnership model which is a mechanism to facilitate coordination and collaboration among NGOs and between Government and NGOs during a crisis or disaster/post-disaster situation, and for successfully implementing projects at the community level.

- Community Assessment of Readiness Tool (CART): The tool is an innovative method for estimating the level of readiness of a community to design and implement development interventions or as a tool to guide developmental efforts at the individual community level. It should be applied once communities have been sensitised to the project.

- Community Engagement Surveys (CER): These surveys were executed to identify communities' communication needs and preferences.

- Rapid Community Climate Vulnerability Assessments (RCCVA): Used to identify climate and disaster risks and influence the design of sub-projects.

- Livelihood Baseline Assessments (LBA): Developed by the FAO, it provides a picture of normal livelihood patterns before a disaster and is useful for areas that are most at risk of natural disasters. The LBA feeds into the preparation of Community Risk Profiles and Hazard Risk Maps.

Alignment of CDB Experience with the 8 Principles of Locally Led Adaptation

CDB’s experience and lessons learned from the BNTF and CDRRF are well aligned with the AF Principles of Locally Led Adaptation.

Principle 1: Devolving decision-making to the lowest appropriate level

Under the BNTF approach, the design of the sub-projects ensures full participation by communities and transparency in community decision-making in the identification and priority setting processes. As mentioned above, the MTE found that its operational procedures and modalities are genuinely and directly responsive to country/community-identified needs

Principle 2: Addressing structural inequalities faced by women, youth, children, disabled and displaced people. Indigenous Peoples, and marginalised ethnic groups

The design of BNTF projects ensures that vulnerable and disadvantaged groups are direct beneficiaries. A gender analysis and a social assessment that considers the roles of youth and vulnerable persons is mandatory for all CDB projects. Lessons from the CDRRF also reinforced the importance of including these analyses.

Principle 3: Providing patient and predictable funding that can be accessed more easily

A key lesson from the CDRRF was the importance of making funding available to finance the adaptation activities identified by communities. The absence of funding caused community members to lose interest and ownership of the programme, making sustainability unlikely.

Principle 4: Investing in local capabilities to leave an institutional legacy.

The importance of strengthening local organisations, CBOs, local government and other institutional actors was a significant lesson from the CDRRF. In the absence of such strengthening, every new project will need to provide capacity support if working through a local organisation.

Principle 5: Building a robust understanding of climate risk and uncertainty.

Under the CDRRF Rapid Community Climate Vulnerability Assessments were done, which helped establish the risk profile of a community through which community members gained an understanding of climate risks. The project in Belize underscored the importance of integrating Indigenous Peoples' knowledge with scientific knowledge, working with the Garifuna and Mayan communities.

Principle 6: Flexible programming and learning.

The Evaluation of the CDRRF recommended the importance of Performance Measurement Frameworks with SMART indicators and sufficient resources to undertake data collection. This would facilitate monitoring and learning and adaptive management.

Principle 7: Ensuring transparency and accountability

To ensure transparency and accountability, CDB will draw on lessons from the BNTF and CDRRF, which show that the right balance needs to be struck between probity and accountability on the one hand and delegation and expedited no-objection decisions on the other.

Principle 8: Collaborative action and investment.

The NGO community partnership model under the CDRRF provided valuable experience with a mechanism to facilitate coordination and collaboration among NGOs and between the Government and NGOs

Countries Participating in the Project[7] Antigua and Barbuda

The twin island nation of Antigua and Barbuda, covering 442 km^2, is located at the southern end of the Leeward Islands chain in the eastern Caribbean Sea. Owing to its location the islands are particularly exposed to a wide range of natural and anthropogenic hazards. Historically, they have been impacted by hydro-meteorological hazards such as tropical storms, hurricanes and droughts.

They have also experienced seismological events such as earthquakes, as well as anthropogenic and health-related hazards, COVID-19 being the most recent. The predominantly occurring hazards are hurricanes, drought, floods and earthquakes.

With the projected and experienced impact of Climate Change regionally, given the island's low elevation and flat terrain, sea level rise and storm surges will be of significant concern. Furthermore, winds and heavy rain during storms have impacted the built and natural environment, populations, and economy. The Category 5 Hurricane Irma in September 2017 caused devastating damage to Barbuda, impacting the islands' livelihoods, housing and infrastructure and basic services such as health, telecommunication, electricity, water, sewage and waste systems, agriculture and fisheries. As a result, all 1800 inhabitants were evacuated to Antigua. Total damage for both islands was estimated at US$136 million (Reliefweb 2019).

Belize

Belize is a small, low-lying country which covers 46,620 km^2 on the coast of Central America. Five per cent of the country's territory consists of small islands and offshore cayes, with the remainder being on the mainland. Culturally diverse, Belize has 13 ethnic groups and two Indigenous groups, Maya and Garifuna (Garinagu). Belize is vulnerable to hurricanes, storms and associated flooding, wind damage, and storm surge. The country's low-lying terrain exacerbates the effects of flooding and sea level rise. Belize is also at risk of extreme temperature events (World Bank Climate Change Knowledge Portal). Climate modelling projections for Belize indicate (i) an increase in average atmospheric temperature, (ii) reduced average annual rainfall, and (iii) more intense rains and longer periods of drought.

Most recently, in November 2022, Hurricane Lisa battered Belize as a Category 1 storm. The hurricane brought torrential rains, powerful winds, and significant storm surges, leading to extensive damage to infrastructure, severe economic impacts, including hundreds of acres of sugarcane land, and considerable humanitarian challenges. In early 2024, the country was also impacted by extensive wildfires, which generated the loss of homes and livelihoods and impacted natural reserves across the country amid extremely hot and dry weather conditions.

Grenada

Grenada lies at the southern end of the Windward Islands and is a three-island state, made up of Grenada and the smaller islands of Carriacou and Petit Martinique. The total land surface area is approximately 348.5 km^2, with the main island of Grenada measuring about 34 km by 19 km, respectively, at its longest and widest points. Grenada is particularly vulnerable to the impacts of

[7] The countries selected for participation in this project are: Antigua and Barbuda, Belize, Grenada, Jamaica, and Saint Vincent and the Grenadines (SVG).

climate change, as evidenced by the recent devastation caused by Hurricane Beryl, especially on Carriacou and Petit Martinique, where 100% and 97%, respectively, of buildings were damaged or destroyed. Livelihoods were significantly affected by loss or damage to fishing boats and gear, ice machines, and cold storage equipment. Crops were destroyed as well as livestock housing. Hurricane Ivan in 2004 caused damages of over 200 per cent of GDP. There have also been occurrences of increased forest fires, crop loss, water shortages and incidence of pests and diseases occurring in recent years.

Jamaica

Jamaica is the largest island in the English-speaking Caribbean, and the most populated with 2.93 million people. Like other Caribbean countries, Jamaica is vulnerable to natural disasters – such as hurricanes and flooding – and the effects of climate change especially along coastal sectors. Both fisheries and agriculture account for the majority of rural livelihoods. Jamaica faces very serious threats from hotter temperatures, droughts and floods linked to climate change, and an existential threat due to sea level rise. Jamaica is particularly vulnerable because of its inherent physical characteristics with critical infrastructure including major economic and social assets, situated on the coast or in low-lying areas. In addition, the island is already subject to ecosystem degradation due to poor management practices and inappropriate land use, amongst others. There has been a noticeable increase in short-term rainfall variability, and there is evidence of an increase in the intensity and occurrence of extreme rainfall events which can precipitate flooding and landslides. Since the early to mid-1970s there have been several periods of drought, both short-term (3 months) and year-long droughts. More prolonged dry spells are projected.

The southern half of the island was impacted by Hurricane Beryl in July 2024. In addition to the damage to infrastructure, the breadbasket of the island, the parish of St. Elizabeth, suffered significant agriculture loss while livelihoods such as fishing were impacted in coastal towns such as Savanna La Mar in Westmoreland. As noted in State of the Jamaican Climate Report (2015) the majority of the storms or hurricanes that impact Jamaica are of Categories 3 and 4-strength. Category 4 storms have only been incident on the island within the last 90 years of record and Category 5 storms within the last 30 years of record. Projections are for increased occurrence of hurricanes of stronger intensity though not necessarily an increase in the overall frequency of storms and hurricanes.

Saint Vincent and the Grenadines

Saint Vincent and the Grenadines is located in the Eastern Caribbean, consisting of over 30 islands, inlets and cays. These islands are part of the Windward Island chain of the Lesser Antilles. The main island is mountainous and rises 1,234 m to the volcanic cone of Soufriere. From Soufriere, the rugged hills slope to the sea and then collapse to several little islets and cays that form the Grenadines. The country is vulnerable to the impacts of climate change from extreme weather events and natural disasters which would increase the risks on its economy. It is also susceptible to salt intrusion into freshwater sources, making the islands highly vulnerable to rising sea levels. A series of overlapping catastrophes between 2019 and 2021, including a major volcanic eruption, hurricanes, severe floods and droughts, as well as COVID, had underscored the devastating impact of the climate crisis on the country.

The Grenadines islands of Bequia, Canouan, Mareau, and Union Island were most impacted by Hurricane Beryl, with 94% to 100% of buildings affected. Agriculture and fisheries-based livelihoods were also significantly affected.

Project / Programme Objectives:

(List the main objectives of the project/programme.)

The proposed project will be designed to equip communities most at risk with the capacity and tools to effectively respond to climate change impacts.

It will focus on reaching the most vulnerable groups in these communities taking account of gender, youth, persons with disability (PWD) and Indigenous Peoples. The project will leverage the platforms developed under the BNTF and CDRRF to enhance local climate change planning and capacity, and channel funds to communities for climate resilience investments delivered through locally-led development approaches that also tap into local knowledge. It is important that communities should not only be seen as beneficiaries as they offer local knowledge and skills that are relevant for addressing climate change. It is necessary to integrate local and Indigenous knowledge with science in order to better address climate change.

The project objective is to reduce the exposure of Caribbean communities, livelihoods, and infrastructure to climate-induced natural hazards through well-functioning multi-hazard community early warning systems and risk-informed locally led adaptation actions that increase resilience.

This will be achieved by implementing community-based risk reduction measures which will reduce exposure of the most vulnerable communities to climate-induced hazards and by supporting innovative adaptation initiatives. The following components will contribute to achieving this objective:

(1) Multi-hazard Community Based Early Warning System (MCBEWS),

(2) Community CC Adaptation Action Plan (5-year plan) and Grant Financing Mechanism

(3) Capacity Building for Community Readiness

(4) Monitoring, Knowledge Management and Dissemination

The project objective and components are well aligned with the Adaptation Fund's Strategic Results Framework. In relation to Outcome 1: "Reduced exposure to climate-related hazards and threats," the project will conduct or update risk and vulnerability assessments and develop Multihazard Community Based Early Warning Systems (MCBEWS). The risk assessments and MCBEWS will enable communities to protect and prepare themselves and to be more resilient against the disastrous effects of climate change. The locally-led focus to be employed will also leverage local knowledge and ensure that community members are full participants in the process.

The project is also consistent with Outcome 3 in the Fund's Strategic Results Framework: "Strengthened awareness and ownership of adaptation and climate risk reduction processes at the local level." Capacity building for targeted communities, NGOs and local government officials (Component 3) is aimed at getting communities ready to undertake risk reduction activities by first strengthening their understanding and awareness of the threats. During the project, Knowledge Attitude and Practice surveys will be undertaken to determine the extent to which communities absorb these messages.

Caribbean communities are heavily reliant on ecosystems for goods and services. Through participatory processes in Component 2 the project would tap into local knowledge together with best practices in sustainable agriculture, ecosystem management and alternative livelihoods to help communities prepare adaptation plans that address the threats and provide protection to

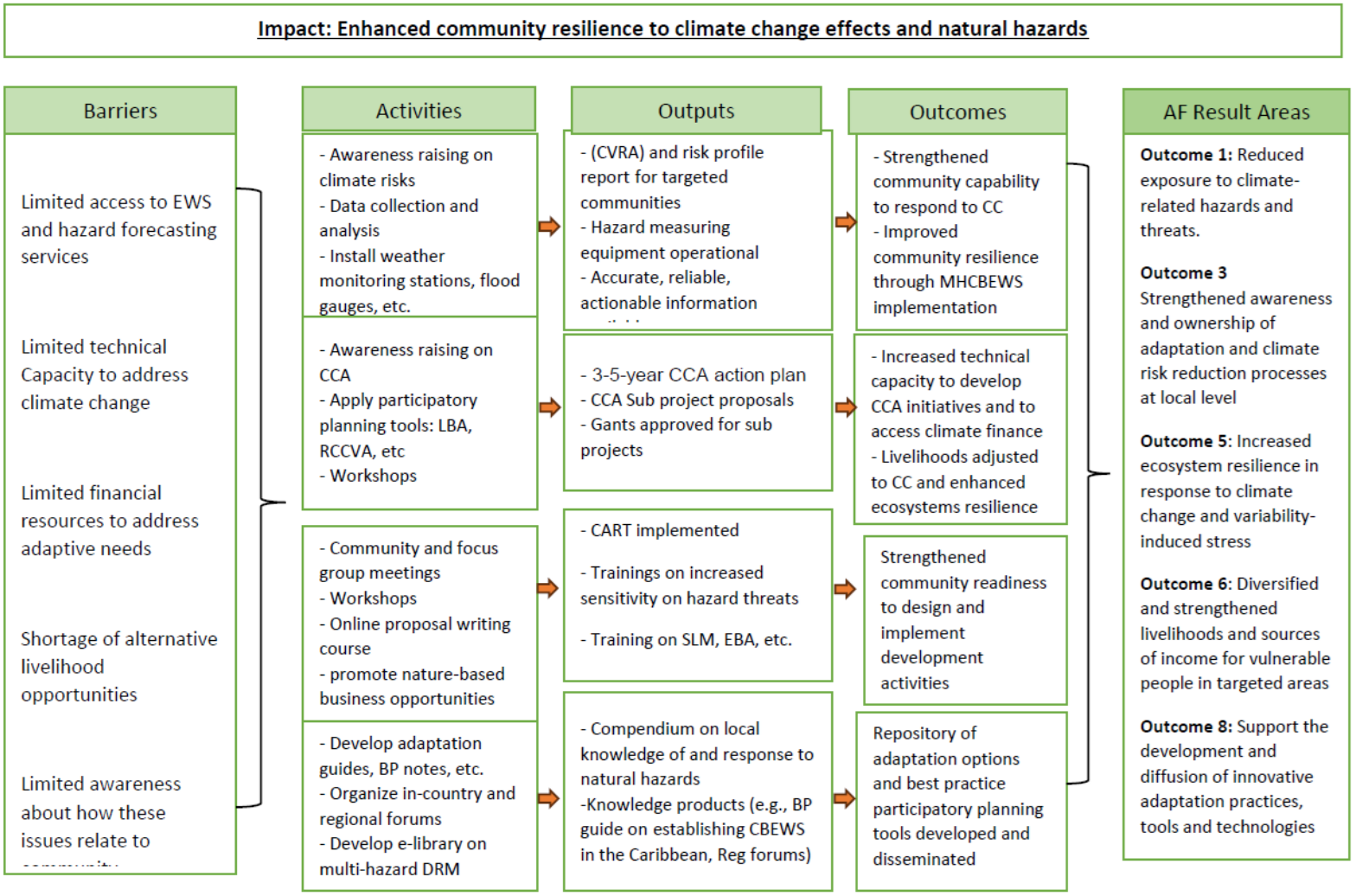
ecosystems and nature-based livelihoods being compounded by climate change or other priorities the community may identify, thus supporting Outcomes 5 (increased ecosystem resilience) and 6 (diversified livelihoods).

The project is also aligned with Outcome 8 where it will make use of the innovative tools developed under earlier CDB programmes. Component 4 also supports this Outcome as it will focus on developing knowledge products and sponsoring forums to disseminate innovative practices, tools and technologies generated by the project.

Ultimately, through the above activities, the project will contribute to the AF Impact level results of (a) Increased adaptive capacity of communities to respond to the impacts of climate change and (b) Increased ecosystem resilience in response to climate change-induced stresses. A Theory of Change diagram, with the AF result areas, is provided below.

Annex 2

Theory of Change



Annex 2

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.)

Project/Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (US$)
1. Multi-hazard Community Based Early Warning System (MHCBEWS)	Strengthened capability of communities to respond to the threat of climaterelated hazards in a timely and appropriate manner. Improved community resilience through the implementation of the MHCBEWS	Climate vulnerability and risk assessment (CVRA) and risk profile report completed for target communities Equipment for measuring relevant hazard(s) installed and operational. Accurate, reliable, actionable and understandable information is available for all in time to take action	Antigua and Barbuda, Belize, Grenada, Jamaica, Saint Vincent and the Grenadines	3,000,000
2. Community CC Adaptation Action Plan (5-year plan) and Grant Financing Mechanism	Increased technical capacity to develop adaptation initiatives and to better access climate finance	Five-year CCA action plan for each participating community. CCA sub-project proposals developed Grants approved for community	Antigua and Barbuda, Belize, Grenada, Jamaica, Saint Vincent and the Grenadines	3,000,000

Annex 2

	Livelihoods better adapted to the changing climate and enhanced resilience of ecosystems	CCA sub-projects for key climatesensitive sectors (e.g., agriculture, forestry, coastal protection, etc.)		
3. Capacity Building for Community Readiness	Strengthened community readiness to design and implement development activities	CART implemented for participating communities Trainings on increased community sensitivity on hazard threats and sustainability of ecosystems Training on sustainable ecosystems management approaches (SLM, EBA, Catchment management, etc.) Capacity building on proposal writing for CBOs and NGOs	Antigua and Barbuda, Belize, Grenada, Jamaica, Saint Vincent and the Grenadines	600,000

4. Monitoring, Knowledge Management and Dissemination	Repository of adaptation options and best practice participatory planning tools developed and disseminated nationally and regionally	Compendium on local knowledge of and response to natural hazards Knowledge products (e.g., Best Practice guide on establishing CBEWS in the Caribbean	Antigua and Barbuda, Belize, Grenada, Jamaica, Saint Vincent and the Grenadines	500,000
5.				
6. Project Activity Cost 7. Project Execution cost – 9.5% 8. Project Cycle Management Fee charged by the Implementing Entity – 8.5%				7,100,000 674,500 660,832
Amount of Financing Requested				8,435,332

Project Duration: *(5 years)*

(Provide a brief description of the proposed regional project/programme including, as a minimum[8], the following aspects:

- *The project / programme components, particularly focusing on the concrete adaptation activities, how these activities would contribute to climate resilience, and how they would build added value through the regional approach, compared to implementing similar activities in each country individually.*
- *How the project would promote new and innovative solutions to climate change adaptation, such as new approaches, technologies and mechanisms.*
- *How does the project/programme aim to roll out successful innovative adaptation practices, tools and technologies and/or how the project aims to scale up viable innovative adaptation practices, tools and technologies.*

[8] Please note that subsequent proposal stages (concept and fully-developed proposal) would require further information on these criteria, as well as additional criteria.

The proposed project aims to address the pressing needs of vulnerable communities residing in watershed and coastal areas, focusing on managing the predominant hazard risks (floods, landslides, droughts, volcano eruptions), enhancing disaster mitigation efforts, protecting ecosystems and promoting sustainable livelihoods. Thus, the overarching goal of the project is to enhance community resilience to hazards, support climate change adaptation, and establish best practices applicable across Caribbean communities.

The project will target gender and youth mainstreaming in project activities, ensuring that women participate equitably at all levels of decision-making. To this end, gender analysis will be integral to the planning and implementation of project activities, with an effort to identify and address existing gender disparities. An example of this approach includes selecting community volunteers and participants in training programmes inclusively and ensuring a balanced recruitment of male and female project assistants. All capacity-building activities within the project will ensure that men, women and youth benefit equally. The project will also ensure the collection of age and sexdisaggregated data for all activities.

PART II: PROJECT / PROGRAMME JUSTIFICATION

An implementing entity would be selected in each country to be responsible for project coordination (see section on Institutional Arrangements below). It would place a Call for Proposals to participate in the project from communities partnering with local CBOs/NGOs. Selection would be based on criteria that would include the level of hazard risk the community faces (based on available local/regional/national risk assessments), community interest, experience of the CBO, etc. By using different types of partners in each country the project would generate lessons that can inform future approaches. A regional approach also provides the potential to enrich the programme by learning from the experiences in each country.

Component 1: Multi-hazard Community Based Early Warning System (MCBEWS). At community level there is a need to improve community resilience and capacity to understand their vulnerabilities, and respond to hazards, through the implementation of community-based early warning systems. Multi-hazard CBEWS will be implemented according to the predominant hazard(s) in each community (inland floods, coastal flooding, landslide, drought, volcano eruption) and based on full community engagement and participation. This means generating early warning messages and emergency alerts that reach all groups in an effective, timely, and safe manner that meets their special needs and circumstances followed by response, decision-making and implementation. Establishment of an EWS will limit the loss of lives and livelihoods as a result of climate hazards and disasters.

The project will apply the locally-led adaptation approach where decision making is devolved to the lowest level and ensure meaningful participation of all community members including women, youth, children, PWD and Indigenous Peoples where present. Communities will assist in the design, implementation and operation of the MCBEWS and will be trained and equipped in monitoring, warning and dissemination, and maintenance of equipment. Communities will be initially engaged through the CART and RCCVA. The initial risk assessment process will identify all relevant hazards using gender-sensitive participatory community hazard and vulnerability mapping. The tool will identify the socio-economic impacts and vulnerability of their communities and the risks they have to manage now and in the future. Training on how to use the hazard and

risk maps will also be provided to raise awareness and also on how to plan development and other activities locally.

The project will be innovative in integrating the four components (elements) of an EWS, namely: risk knowledge, monitoring and predicting, dissemination of information and response to warnings. Modern technology will be introduced that alerts communities of potential floods and other risks with the most effective means of generating and disseminating information. Together with best practices from the region and similar environments around the world, the project would build on the experience of the CDRRF project: Building Adaptive Capacity and Resilience to Climate Change in Toledo, Southern Belize, which successfully established early warning systems that benefited 11 communities in the area. The project also incorporated climate change adaptation measures to protect ecosystems in the area. According to the CDRRF Evaluation Report, community members continued to manage the rain gauges, river flood gauges and radio communication system after the project was closed. The report also recommended replication of the project's gender responsive approach.

Component 2: Community CC Adaptation Action Plan (3-5-year plan). This component comprises Locally Led Climate Change Adaptation Planning to help communities develop 3 to 5year plans that set out the priority measures the community would implement to adapt to the impacts of climate change.

Grants would be made available for the implementation of subprojects, identified within the plan, that support alternative livelihoods (varied source of income that contributes to sustainable utilisation of natural resources), and protect ecosystems on which communities depend. One of the lessons from the CDRRF was that communities lacked ownership of plans because there were no resources available for them to implement the adaptation activities they identified. The Locally Led approach would allow local communities to have full ownership over the adaptation process. Partnering with a local CBO, a planning exercise facilitated at the community level around climate risk and adaptation options would allow community members (including women, youth, children, PWD and Indigenous Peoples where present) to make decisions about the adaptation initiatives they would like to implement. The planning exercise would also leverage local and indigenous knowledge which has potential in reducing vulnerability to climate change and/or improving the resilience of communities.

The project would apply a number of innovative participatory community analysis tools piloted under the CDRRF, such as the Livelihood Baseline Assessment (LBA), and the RCCVA which features participatory analysis of climate risks, vulnerability and adaptive capacity (also the basis for the risk assessment in Component 1). Community adaptation plans would be developed with a prioritization of interventions, and an initial subproject proposal prepared. Based on the good practices and innovative techniques developed under previous projects in the region, the range of adaptation interventions could include: agroforestry, sustainable land management, ecosystem-based adaptation, coastal protection and various nature based alternative livelihoods. Implementation of these adaptation initiatives would enhance climate resilience by protecting ecosystems and enhancing livelihoods.

Prior project examples are the Global Environment Facility (GEF) supported Integrating Water, Land and Ecosystems Management in Caribbean Small Island Developing States (IWEco) project, and the Integrated Watershed and Coastal Areas Management (IWCAM) project. They addressed the problems of land degradation, forest cover loss and ecosystem degradation through rehabilitation of lands, provision of alternative sustainable livelihoods, capacity building

and public awareness. Successful SLM practices included biodiversity enhancement measures using selective indigenous species, various cash crop/ tree crop multi storey cultivation practices and revegetating lower catchment areas to stabilise river banks with species carefully selected after consultation with stakeholders.

Capacity-building will be provided for communities as well as Local Government (LG) officials as part of plan preparation, to build their knowledge and skills on key concepts and science of climate change contextualized to the local experiences, and adaptation planning. The plan would set out the priority adaptation actions chosen by the community over a 3- 5-year period.

With appropriate training, the community (with CBO support) would also manage the funding that would be provided to implement the activities.

Component 3: Capacity Building for Community Readiness. Capacity building and training will be provided to farmers, residents and community organisations, to get them ready to implement the project and more specifically, to support effective response to climate-related disasters, improving climate awareness and knowledge within these vulnerable communities, and ultimately saving lives and livelihoods. The approach to capacity building will ensure that communities, CBOs and other local government actors are involved in all stages of the project.

It will involve shared decision making between the project and the communities and other stakeholders, be gender and socially inclusive and adaptable to the local context. Closely involving the community should ensure that existing inequalities and vulnerabilities are not exacerbated.

The CART, developed by CDRRF, aims to assess community capacity at the start of the project using criteria/checklists/guidance to determine and develop a readiness score. The CART is an innovative method for estimating the level of readiness of a community to design and implement development interventions. It can be used as both a research tool to assess levels of readiness across a group of communities or as a tool to guide developmental efforts at the individual community level. The Community Engagement Surveys will also be executed to identify communities' communication needs and preferences. The initial focus will be on awareness raising of community members, local NGOs, CBOs and municipal authorities, on Communitybased Risk Assessment approaches, including the impacts of current climate variability and extremes as an entry point in discussing the future impacts. The emphasis will be on strengthening community adaptive capacity for accessing climate information and managing risk and uncertainty. The strengthening of local civil society capacity will be important in better supporting communities locally led adaptation efforts.

Training on climate resilient livelihoods, ecosystem protection, catchment management, etc., (as part of development of the community climate change adaptation plans) will be provided in a way that short-term tangible benefits can be gleaned, alongside longer-term ones, in order to provide motivation for community members to continue to be involved. For example, individual community members (or groups) will be able to apply knowledge gained in advance of a community subproject being approved and financed. The project will also ensure that the knowledge base for capacity development is diverse and includes knowledge from traditional, local sources as well as from science.

Capacity building will also be provided for proposal writing and accessing finance to implement adaptation actions. This will be targeted at individuals working in Civil Society, NGOs and CBOs who will have responsibility for preparing proposals for grant financing to implement their

adaptation projects. The University of the West Indies (UWI) offers such a course online so the project could seek partnership with them to make the course available.

Component 4: Knowledge Management and Dissemination: This component will support the development of a number of Knowledge Management products, including best practice notes and guidelines, media, outreach material and knowledge forums. This will include the development of a repository of adaptation options, including designs and technologies, and identify potential areas for knowledge sharing and learning between communities across the region with similar vulnerability profiles.

Various forums will be held to connect key stakeholder groups, practitioners and experts to ensure that key learning and experience is shared within and across sectors and countries. All knowledge products, generated within the project including technical reports, methodological guidelines, planning and outreach materials will be collected and archived on e-library on multi-hazard disaster risk management and climate resilience and available on-line. This will ensure access to data and information generated by the project as well as long-term access to data that can be used for evidence for policy and practice advice.

- *The cost-effectiveness of the proposed project / programme, explaining how the regional approach would support cost-effectiveness.*

The project adopts a cost-effective approach by combining several elements under one integrated project, i.e., increasing the resilience of hazard prone communities by combining the risk information provided by the MCBEWS with specific adaptation measures such as alternative livelihoods support, ecosystem-based adaptation, catchment management etc. Although the communities targeted by the project are in different countries there are many similarities among Caribbean countries in the baseline socio-economic and environmental conditions they face, including the climate and disaster risks, and the resilience measures that could be introduced to manage these risks. By adopting a regional approach, the project can simultaneously support similar activities in multiple countries. Cost-effectiveness will also be achieved with the scaling-up of tried and tested adaptation activities with community ownership. Project activities build on existing baseline assessments thus creating an enabling framework for the replication and/or scaling up of actions in other Caribbean countries.

Cost effectiveness is also supported by the capacity building component of the project which entrusts ownership of the outputs with the communities, ensuring that they will be responsible for implementing future activities to reduce their vulnerabilities and increase resilience

- *How the project / programme would be consistent with national or sub-national sustainable development strategies, including, where appropriate, national or subnational development plans, poverty reduction strategies, national communications, or national adaptation programs of action, or other relevant instruments, where they exist. If you wish and if applicable, you can also refer to regional plans and strategies where they exist.*

The project's design and objectives respond to the priority global, regional and national needs of the participating countries. The project is aligned with the Sustainable Development Goals of all the countries as reflected in their national Medium Term Development Plans or Sustainable Development Strategies, their Nationally Determined Contributions (NDC) and National

Adaptation Plans where available. For the OECS countries (Antigua and Barbuda, Grenada and SVG) it is consistent with, and responds to, the OECS Climate Change Adaptation Strategy and Action Plan (CCASAP) 2021-2026, endorsed by the 8th OECS Council of Ministers: Environmental Sustainability (COME:ES-9) in 2021. For Jamaica, it is consistent with Government of Jamaica's Vision 2030 development plan, with the overall vision laid out in the Government of Jamaica Climate Change Policy Framework and Action Plan (GoJ, 2015) and with a number of sector policies and plans. The project is also aligned with Belize's National Climate Change Policy, Strategy and Action Plan (NCCPSAP) which aims to guide the short, medium and longterm processes of adaptation and mitigation and with the Climate Change, Forest Policy and the National Biodiversity Strategy and Action Plan (NBSAP).

- *The learning and knowledge management component to capture and disseminate lessons learned.*

The proposed project will replicate and scale up successful, approaches, tools and technical interventions developed under other projects. But some of these were not well documented and so the project will play a role in disseminating these practices to a wider audience.

It will also have knowledge products specific to this project, especially from the MCBEWS, as the emphasis in the region has been more on strengthening national and regional organisations, and from the Locally Led approach, which should address some of the shortcomings in the region's experience of Community Based Adaptation (CBA). Regional forums for sharing lessons and best practices will also be an important feature. The monitoring and evaluation framework will also enable the periodic capturing of lessons for the readjustment of interventions to ensure a successful outcome.

- *The consultative process, planned to be undertaken during project preparation, with particular reference to vulnerable groups, including gender considerations, in compliance with the Environmental and Social Policy of the Adaptation Fund.*

The Locally Led Adaptation approach is designed to ensure that community members and other stakeholders are actively engaged in decision making. The project will have a suite of participatory tools and experience to use, from the CDRRF project and the BNTF including Community Engagement Surveys and the CART. CDB staff who will oversee the project have several years' experience of consultative processes through the BNTF. Throughout the development of the project there will be gender-responsive stakeholder consultation analysis, interviews, and focus group discussions with women, men, youth and PWD in the communities participating in the project. Consultations will also be held with national organisations engaged in DRM or CCA, both government and non-government. CDB as an accredited entity of the Adaptation Fund is already in compliance with the Environmental and Social Policy of the Fund. The recent re-accreditation of CDB, where CDB's internal processes were carefully examined, reinforced the compliance requirement.

- *How the sustainability of the project/programme outcomes would be taken into account when designing the project / programme.)*

The activities to be supported by the project are well known and similar activities have been implemented in the region through previous projects. The participatory tools will be scaled up from the recent CDRRF subprojects. Thus, there is confidence about the technical underpinning of the project and the appropriateness of the locally led approach based on previous experience which

should lead to success that is a basis for sustainability. Adequate training will be provided to project participants to increase their knowledge and application skills to undertake the planned interventions.

Ownership by the targeted group is an important element in the sustainability of project interventions. The communities to be selected for participation will be chosen based on needs (exposure and risks) and willingness to participate in the project while instruments such as the RCCVA and the Adaptation Plan will help identify the specific priority issues to be addressed (e.g., deforestation, depletion of mangroves, limited access to livelihood activities). Thus, through the adaptation planning process, the project will focus on the priority issues of importance to the communities, whether it is protection of natural ecosystems on which they depend for food and services, or access to livelihood activities that would provide additional income.

Moreover, the project will be implemented by communities in partnership with CBOs with a history of undertaking community projects.

Component 3 also provides opportunities for communities to gain long term access to climate finance by strengthening capacity to prepare proposals.

- *How the project / programme would provide economic, social and environmental benefits, with particular reference to the most vulnerable communities, and vulnerable groups within communities, including gender considerations, and how it would avoid or mitigate negative impacts, in compliance with the Environmental and Social Policy of the Adaptation Fund.*

The project is expected to provide a range of economic, social and environmental benefits. Economic benefits will accrue through additional income to participants from better safeguarding current sources of income, such as with climate smart agriculture practices and reducing wildfires, and from more climate resistant alternative livelihoods. Protection of ecosystem services from the ravages of climate change will provide environmental benefits. The project will also enhance hazard forecasting capabilities to enable timely warnings and effective community evacuation efforts. Social benefits will also come through better protection of women's activities that are often most vulnerable to climate impacts, and from actively engaging the youth in project activities.

CDB has a very stringent policy for social and environmental safeguards: Environment and Social Review Procedures (ESRP) which governs all projects and is aligned with the Environmental and Social Policy of the Adaptation Fund. It also requires preparation of a Social and Environmental Management Framework. The Bank has a Disaster Management Strategy and Operational Guidelines (DIMSOG) while climate risk management has been integrated into the Bank's work, thus an initial Risk Screening of every project is required followed by a full Climate Vulnerability and Risk Assessment if the risks are rated high.

CDB's Gender Policy is applicable to all projects and requires the use of a gender equality lens systematically and explicitly in the design and implementation of regional programmes. It includes a Gender Marker which assesses the extent of gender mainstreaming. Consistent with this policy, youth and gender considerations will be incorporated throughout the project process. This will include assessments of the characteristics of key stakeholders and needs. As indicated in Roncerel et al (2019), a gender-responsive climate change programme recognises that the youth and women's roles are as important as men's in addressing environmental and development issues and that their needs and dependence on resources can significantly differ. Also, in

compliance with the policies of the Adaptation Fund, an environmental and social management plan and a gender assessment will be prepared.

- *How the project / programme would meet relevant national technical standards, where applicable, such as standards for environmental assessment, building codes, etc., and comply with the Environmental and Social Policy of the Adaptation Fund.*

The project will adhere to all participating countries' national standards and protocols relevant to the sectors in which it will operate. Where required, the project will obtain all necessary permits for specific activities requested by the different sector authorities to execute the various activities. All activities will adhere to the highest standards of environmental management to avoid negative impacts on ecosystems, biodiversity and people's health.
The project will adhere to the Fund's Environmental and Social Policy and devise mechanisms to be in full compliance with all human rights including those of marginalized and vulnerable groups and indigenous peoples.

- *Duplication of project / programme with other funding sources.*

The proposed activities under the project Components will not duplicate any existing projects or activities. The project approach is to scale up or replicate successful initiatives, lessons learned and key actions by previous projects and to expand these synergies to establish additional actions that can be replicated in future to build the region's capacity to address climate impacts and build resiliency.

- *Justification for funding requested, focusing on the total cost of adaptation reasoning.*

The aim of this project is to scale up or replicate proven risk reduction and adaptation actions to safeguard communities from the impacts of climate change. Extreme climate impacts, such as those recently experienced with Hurricane Beryl can destroy a community's infrastructure and livelihoods, especially one that lacks hazard risk preparedness and appropriate adaptive measures. In the absence of Adaptation Fund support, the targeted communities (those most vulnerable and lacking the financial ability to recover quickly from climate related events) will continue to face increasing pressures from more frequent and severe climate induced natural disasters due to climate change. Losses of lives, livelihoods and overall economic losses due to climate-induced disasters will be increasing. Inadequate hazard and risk knowledge will remain and the communities will continue to lack the monitoring equipment and stations on which such risk knowledge relies.

- *The environmental and social impacts and risks identified as being relevant to the project / programme.)*

The project is expected to have beneficial environmental and social impacts, however, there is the potential for limited adverse environmental or social impacts that are readily identified, and for which mitigation and management measures are known and available. The design and implementation of the Components will ensure adherence to all environmental, social and gender requirements of the Fund, CDB and national legal and policy requirements. During project preparation all the potential environmental and social impacts and risks will be elaborated, and efforts will be made to ensure all beneficiary groups including indigenous peoples, marginalized

PART III: IMPLEMENTATION ARRANGEMENTS

and vulnerable groups are consulted and represented in the project. *(At the pre-concept stage, this section should only briefly explain which organizations would be involved in the proposed regional project/programme at the regional and national/subnational level, and how coordination would be arranged. The involvement of national institutions, and when possible, national implementing entities (NIEs), partnering in the project should be explained.)*

Implementation arrangements will be formulated taking full account of the lessons learned from the CDRRF. In particular, the CDRRF Evaluation found that the governance structure was too complex to support efficient implementation at the community level. For example, adherence to processes and procedures ill-suited to the community's administrative abilities caused significant delays.

The project would be overseen by a committee chaired by CDB and comprising members from regional entities such as the Caribbean Disaster and Emergency Management Agency (CDEMA), the Caribbean Community Climate Change Centre (CCCCC) and the OECS Secretariat. A Project Management Unit (PMU) would be established in CDB to oversee the day-to-day operations of the project. The PMU would comprise a Project Manager, administrative support staff, and specialists from relevant CDB units who provide ongoing support or consultants where the requisite skill is not available in the Bank.

In each participating country, the project would partner with a national organisation such as those involved in disaster management (national disaster offices), local/community development (e.g., Jamaica Social Development Commission and Belize Department for Rural Development), Social Investment Funds (in Belize, Jamaica and St. Vincent and the Grenadines), or environmental governance (SVG Environmental Foundation). The partner organisation would work with CBOs or local NGOs that would be responsible for working with communities to manage the project at the community level.

Annex 2

PART IV: ENDORSEMENT BY GOVERNMENTS AND CERTIFICATION BY THE IMPLEMENTING ENTITY

A. 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 .*

<table>
<tr><td colspan="2">I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans and subject to the approval by the Adaptation Fund Board, commit to implementing the project/programme in compliance with the Environmental and Social Policy of the Adaptation Fund and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.</td></tr>
<tr><td colspan="2">_____Valerie Isaac _
Ms. Valerie Issac
Division Chief
Environmental Sustainability Unit
Caribbean Development Bank</td></tr>
<tr><td>Date: August 12, 2024</td><td>Tel. and email: (1) 246 539-1742
valerie.isaac@caribank.org</td></tr>
<tr><td colspan="2">Project Contact Person: Richardo Aiken and Derek Gibbs</td></tr>
<tr><td colspan="2">Tel. And Email: (1) 246 539-1697 (1) 246 539-1928
richardo.aiken@caribank.org derek.gibbs@caribank.org</td></tr>
</table>

Annex 3

ADAPTING BIODIVERCITIES

Regional Program for Latin American and Caribbean Cities Adapting to Climate Change through Locally-Led Actions

LOCALLY-LED ADAPTATION (LLA) GRANTS

Expression of Interest (EOI) RIE AGGREGATOR PROGRAMME

Program Title	:	ADAPTING BIODIVERCITIES Regional Program for Latin American and Caribbean Cities Adapting to Climate Change through Locally-Led Actions
Type of Implementing Entity	:	Regional Implementing Entity
Implementing Entity	:	CAF Development Bank of Latin America and the Caribbean
Amount of financing requested	:	USD 12,000,000.00 (three years)
Executing Entities	:	Subnational governments, CAF and ICLEI.

I. Background and context of the program:

1. Cities and metropolitan areas, which generate 60% of the world's GDP, are also responsible for 70% of carbon emissions and 60% of resource use. This accelerated urban growth intensifies climate change and increases the frequency of disasters in urban areas. Investing in their adaptation is crucial not only to mitigate immediate risks but also to ensure sustainable development. Leading and financing the transformation towards resilient cities is one of the greatest challenges of this century, thereby protecting both local communities and the global economy.

2. While major cities face significant challenges, intermediate cities encounter even greater hurdles in accessing the necessary financing for adaptation. These cities, often vital for

regional development, are constrained by limited fiscal and technical capacities. Their heavy reliance on external funding or central government interventions restricts their autonomy, severely impacting their ability to implement effective adaptation projects. The lack of robust local governance systems and lower international visibility further exacerbates these challenges, making it difficult to attract crucial financial resources. As highlighted in the United Nations' New Urban Agenda, strengthening the capacity of these cities to proactively address climate change is imperative for ensuring long-term sustainable development (UN-Habitat, 2016).

3. This globally relevant study, "Climate change adaptation planning in large cities: A systematic global assessment" (Araos et al., 2016), reveals the state of climate change adaptation planning in large cities worldwide. Out of a total of 401 local governments in urban areas with more than one million inhabitants, only 61 cities report adaptation initiatives, and 73 cities are in the process of planning adaptation policies. The findings indicate that the major adaptors are primarily cities in high-income countries in North America, Europe, and Oceania, while cities in middle- and low-income countries tend to be in the early stages of adaptation or do not report initiatives.

4. A more recent study that addresses climate adaptation financing and its impact on local communities is the work titled "What makes internationally-financed climate change adaptation projects focus on local communities? A configurational analysis of 30 Adaptation Fund projects" (Ornsaran Pomme Manuamorn, Biesbroek, & Cebotari, 2020). This study analyzes 30 projects funded by the Adaptation Fund to identify the conditions that lead to a stronger focus on local communities in the design of climate adaptation projects. The study finds that the presence of projected future climate risks and civil society governance are key factors that drive a more community-centered focus in these projects.

5. Latin America and the Caribbean has a quarter of the world's forests, a third of the world's fresh water and 50% of its biodiversity, but it is one of the most urbanized regions of the world: almost 80% of its inhabitants live in cities. The need to reconcile economic development with sustainability is therefore increasingly urgent.

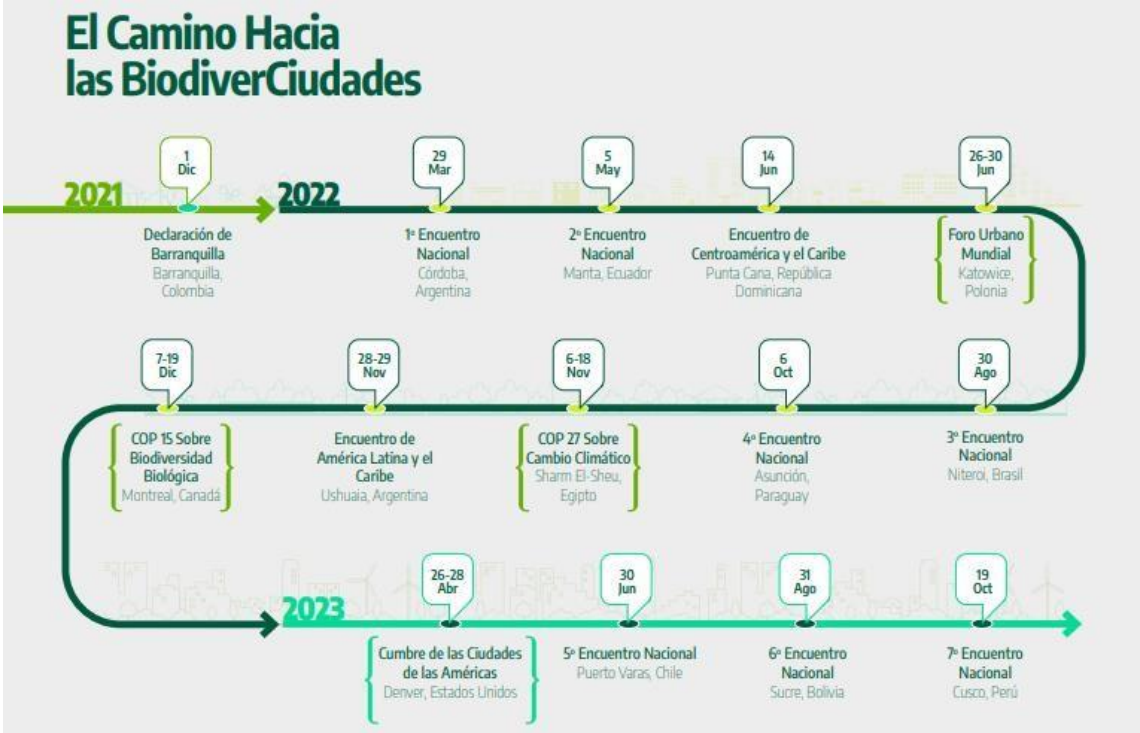
6. The COVID-19 pandemic has revealed the fragility of our economic structures and highlighted the urgency of reassessing our relationship with nature. As we approach the ecological limits that threaten our survival, it becomes imperative to pursue an economic recovery that is resilient and sustainable. In this context, urban economies have a crucial role to play, not only because of their significant contribution to global, regional and national GDPs but also due to their impact on human well-being and the planet's sustainability. For Latin American and Caribbean cities, which already face considerable challenges in terms of climate financing, this recovery offers an opportunity to direct resources towards building resilience against climate change.

7. Within this framework, CAF has set out to consolidate and strengthen the BiodiverCities Network of Latin America and the Caribbean with the aim of spreading and promoting the importance of establishing BiodiverCities among the cities of the region, as well as encouraging their effective integration into local planning and management frameworks as a pillar of an inclusive, productive, and sustainable urban policy.

8. 'BiodiverCities' was born out of dialogue between academics and managers during meetings in Rio de Janeiro (2012), Cape Town (2014), and Marseille (2015). It was subsequently adopted by the Local Governments for Sustainability Network (ICLEI), which included it in their Convention on Biological Diversity, naming one of their urban agendas 'BiodiverCities.'

9. In Latin America, Colombia has led the national BiodiverCities strategy towards 2030, alongside the Alexander Von Humboldt Institute for Biological Resources Research and the World Economic Forum. This initiative has had a significant impact in the region, as between 2021 and 2023 (Graphic 1), more than 180 cities have joined the Network through various national and regional meetings, where they signed the founding document.

Graphic 1: Timeline of Key Events Leading to BiodiverCities



10. With the Barranquilla Declaration of 2021, the region's cities committed to sharing their experiences and discussing the strategy to strengthen the BiodiverCities Network as a platform for coordinating local governments. The goal is to move from a shared aspiration to coordinated action, with a clear focus: identifying, structuring, and financing high-quality, highimpact.

11. Additionally, at the end of 2021, CAF defined two major commitments with the bank's shareholder countries: to become the green bank and the bank of subnational entities in the region. In this sense, the BiodiverCities Network and Programme fulfills and integrates together both commitments.

12. Therefore, it is crucial for CAF to support local governments that are advancing towards an urban management model in harmony with biodiversity and that led on climate action, including adaptation. CAF works with partners both within and outside the region to contribute to the incubation and acceleration of projects that promote the use of green infrastructure and nature-based solutions.

13. Since its creation, the BiodiverCities Network and Programme has facilitated regional and international dialogues and meetings to raise awareness and consolidate efforts aimed at the restoration, preservation, and sustainable use of urban biodiversity.

14. Between 2021 and 2023, CAF organized 14 meetings in Argentina, Colombia, Ecuador, the Dominican Republic, Brazil, Paraguay, Chile, Bolivia, and Peru, in addition to promoting the participation of cities from the region in international forums. In this context, it is important to highlight the focus on the Amazon that the network has worked on, in collaboration Aguarico (Ecuador); Araguaina (Brasil); and Cobija (Bolivia), to consolidate an urban management resilience model in harmony with nature.

15. Following the initial phase of raising awareness and promoting the concept of BiodiverCities, the first steps have been taken this year towards the management and operational functioning of the Network and Programme. This has been achieved through a governance model that features a solid structure, defined roles, clear functions, membership criteria, and dialogue spaces within the Network. This model, collectively built with the participating cities and experts, aims to ensure an effective and sustainable transition from the awareness phase to active management.

16. This new stage begins with a dialogue on the main global trends in urban development and the challenges cities face in meeting the sustainable development agendas: Sustainable Development Goals (SDG), New Urban Agenda (NUA), the Paris Agreement (PA), and the Kumming-Montreal Biodiversity Framework (KMBF). It will also introduce the governance model, the criteria for new cities to join, and the range of services offered to local governments that are members of the Network.

17. Currently, a total of 181 cities are part of the network, and it is expected that 120 more cities (Graphic 2), will join in the next two years, representing a future commitment to promoting sustainable urban development and biodiversity protection through the BiodiverCities Network and Programme. CAF, along with partners both within and outside the region, will work to incubate and accelerate projects that foster climate resilient nature-based solutions, the enhancement of green and blue infrastructure, ecosystem restoration, conservation and protection of ecosystem services, among others.

Graphic 2: BiodiverCities Network in 2023

Annex 3

18. This collaboration also facilitates the exchange of knowledge and best practices among cities, ensuring that the best strategies and solutions are shared and adapted to different urban contexts, thereby strengthening the resilience and sustainability of the participating cities. Additionally, considering that CAF has offices in 20 countries and operations in all 26 member countries, this increases the potential to scale and support the develop within the Network and Programme.

19. Working closely with local governments is crucial to advancing Locally-Led Adaptation (LLA), as these entities possess deep knowledge of the specific dynamics, needs, and climate vulnerabilities of their territories. Strengthening local governments' capacities to plan and implement adaptation projects ensures that solutions are contextually relevant and effective, fostering long-term autonomy and resilience.

20. By empowering local governments, the program promotes more inclusive and sustainable adaptation, ensuring that interventions are aligned with the priorities and potential of each community. In this context, the program emphasizes the importance of placing communities

at the center of decision-making processes, thereby promoting urban development that effectively balances environmental, social, and economic needs, in the framework of integral actions within the network.

II. Alignment with the vision and principles of LLA:

21. The program and its actions will aim to align with the vision and principles of Locally-Led Adaptation (LLA), based on its experience developing projects and programs where CAF supports local governments by providing direct funding and empowering communities to make decisions regarding their adaptation actions.

22. Establishing a solid knowledge base is a key first step for direct access to climate financing. This foundation ensures that local actors are prepared to make informed and strategic decisions aligned with climate change adaptation priorities, while also facilitating the creation of transparent and accountable processes.

23. CAF has a learning management platform specifically designed for flexible programming and training of local governments. Among its initiatives, CAF promotes the "Cities and Climate Change in Latin America and the Caribbean" training, aimed at technical officials of local governments. This training aims to strengthen the skills and competencies of public officials in climate change, enabling them to incorporate this dimension into city planning, land management, urban services, and project and infrastructure design. All of this is intended to promote climate action at the local level, in line with national, regional, and international commitments.

24. The BiodiverCities Network and Programme is a clear example of how the principle of collaborative action and investment is put into practice. By facilitating the exchange of knowledge and practices among cities in Latin America and the Caribbean, the network and programme promotes a collective and synergistic approach to sustainable urban management, where both scientific and traditional knowledge are integrated. This continuous exchange not only strengthens local capacities but also fosters mutual learning and the adoption of best sustainable and resilience practices among cities that have already demonstrated success in implementing adaptation solutions. Collaboration within this network allows resources and efforts to be aligned toward common goals, maximizing the impact of urban interventions and ensuring more effective and sustainable management of the urban environment and its ecosystems.

25. In recent years, CAF has focused its efforts on developing studies and research that enable Latin American and Caribbean cities to develop adaptive solutions that are effective, sustainable, and culturally appropriate, ensuring a robust understanding of climate risk and the implementation of adequate adaptation measures in Latin American and Caribbean cities.

26. The study "Vulnerability and Adaptation Index to Climate Change in the Latin America and the Caribbean Region," conducted by CAF in 2014, highlights the severe consequences that the region could face due to climate change. Latin America and the

Caribbean are currently in a situation of high exposure to multiple climate-related risks, such as tropical cyclones, floods, droughts, and heatwaves, and as the region's climate has already begun to experience variations, more significant climatic changes are expected in the coming decades. Increases in temperature and rainfall patterns, including changes in the frequency and intensity of extreme weather events, will affect the population's health, livelihoods, economic situation, environment, and the availability of natural resources. The likely consequence of sea-level rise, which has been recorded for several decades, will be more intense flooding, coastal erosion, marine intrusion, and greater susceptibility to storm surges.

27. Additionally, the 2023 CAF Economy and Development Report (RED) "Global Challenges, Regional Solutions: Latin America and the Caribbean Facing the Climate and Biodiversity Crisis," emphasizes three key messages for all countries: the importance of adaptation, the need to contribute to global mitigation, and the urgency of preserving natural capital as a key factor in the development process. It also highlights that policies to address these challenges may vary depending on the diversity of resources and risks in each country, with potential tensions between conflicting objectives and opportunities for synergies that need to be harnessed.

28. This document seeks to contribute to the discussion on the best public policy alternatives to promote low-carbon productive economies, greater social inclusion, and sustainable use of natural resources. The financing needs to meet development, climate, and biodiversity preservation goals are overwhelming. Therefore, CAF has committed to increasing green financing a floor of 40% of its finance approvals by 2026 and to being one of the most active institutions in the region in mobilizing resources from major green funds and international allies.

29. In the projects that CAF has been implementing for the Adaptation Fund in the countries of Chile, Ecuador, Peru, Argentina, and Uruguay, the involvement of local governments has been achieved from the lowest level of decision-making, where they have been able to define, prioritize, design, and implement adaptation actions. This has contributed to improving their institutional capacities, ensuring that they can manage adaptation initiatives in the long term.

III. Supporting the achievement of the global goal on adaptation:

30. The program will enhance urban resilience by supporting and financing innovative local solutions for implementing adaptation measures. It will prioritize nature-based solutions for climate risk management, urban water management, and the enhancement of green and blue infrastructure. Additionally, the program will explore the scale up of strategies developed in CAF´s Adaptation Fund projects, such as bioretention systems, localized adaptation planning, integrated Ecosystem-based Adaptation (EbA) within urban planning frameworks, the integration of ecosystem services into adaptation projects, and comprehensive monitoring systems. More detailed information on the implementation of these strategies and their integration into the urban resilience framework will be specified in the development of the proposal

31. The LLA approach of the program ensures the inclusion of vulnerable groups in adaptation project decisions: promoting the participation of women, indigenous peoples, and other marginalized groups, ensuring that their voices and needs are considered in adaptation projects.

32. The Program seeks to engage in particular, the 181 cities cover the region as follows: Argentina (47 cities), Bolivia (24 cities), Brazil (21 cities), Chile (21 cities), Ecuador (22 cities), Paraguay (14 cities), Peru (16 cities), Colombia (2 cities), Costa Rica (2 cities), Dominican Republic (3 cities), Uruguay (3 cities), El Salvador (1 city), Honduras (1 city), Jamaica (1 city), Panama (1 city), Trinidad and Tobago (1 city) and Venezuela (1 city).

33. Among these cities, 102 have fewer than 100,000 inhabitants and are considered small cities; 68 have between 100,000 and 1 million inhabitants, classified as intermediate cities; and only 8 exceed 1 million inhabitants, categorized as large-scale cities. This evidence suggests that the Network is predominantly composed of small to intermediate cities, where large infrastructure projects are challenging to execute and/or finance. Consequently, an approach focused on small LLA projects is both ideal and appropriate.

34. The program will provide small grants that allow local communities to test and scale innovative adaptation practices. In addition, it offers technical assistance and support in investment intermediation, ensuring that adaptive solutions are effective and sustainable.

35. During the implementation of the program, efforts will be made to involve academia and other scientific institutes to collaborate with Local Governments in developing proposals that ensure actions are based on the best available knowledge.

IV. Proposed execution modality:

36. The program aims to:

- Facilitate Access to Funding through competitive grants ranging from $50,000 to $500,000 for pilot adaptation projects and to scale existing solutions, mainly in nature-based solutions (NbS), ecosystem based adaptation (EbA) and community based adaptation (CbA).
- Foster local initiatives, supporting the development of innovative practices, tools, and approaches that help communities adapt to climate change.
- Provide technical support to beneficiaries for green resilient investments and international promotion.

37. Results:

- Formulation, development and implementation of practices, tools and instruments that promote adaptation in up to 50 cities, with documented and evaluated results.

- Promote at least 20 pilots of Local Adaptation Plans, in the context of National Adaptation Plans.
- Compiled from diverse initiatives in relation to type, scale, sector and scope, providing adaptation alternatives to climate related urban vulnerabilities.
- Creation of an accessible knowledge base documenting effective and efficient practices, facilitating their scaling up by executing entities and other green funds.
- Significant strengthening of the capacities and knowledge of local actors and institutions in Locally Led Adaptation.
- Consolidation of the Biodivercities Network and Programme based on sharing experiences and good practices, promoting the implementation of sustainable and effective adaptation approaches.
- Dissemination and expansion of the Biodivercities Network and Programme, inclungin promoting adaptation to climate change under the LLA approach.

38. Components:

- Component 1: Provision of Small Grants for Implementing LLA Actions. The small grants will be categorized into three tiers: i) $50,000 or less; ii) between $50,000 and $250,000; and iii) over $250,000 and up to $500,000 for cities proposing larger-scale projects and demonstrating execution capabilities. Semestral calls for proposals will be published over a period of 2 years. Beneficiary cities will have up to 18 months to complete their projects. Small grant proposals will be reviewed and evaluated based on selection criteria that comply with AF Guidelines. The aim is to intervene in up to 50 cities.

- Component 2: 1. Technical support and capacity development for implementing national or regional LLA programs. 2. Strengthening the technical and institutional capacities of local and national governments, as well as community-based organizations, to effectively and sustainably implement LLA projects. 3. Enhancing the technical capacity of local officials for formulating and implementing local adaptation plans (LAPs), including the development of guidelines and/or virtual courses. It is expected that at least 75% of the cities involved will have undergone training and capacity-building processes. At least 20 expected to have LAPs and another 20 with adaptation pilots.

- Component 3: Knowledge Management and Exchange. This component will follow the Adaptation Fund's "Learn and Share" strategy, capturing and disseminating practical lessons from adaptation interventions. CAF will facilitate knowledge transfer within the BiodiverCities Network and Programme, developing guidelines and practical tools through collaborations with various stakeholders to ensure culturally appropriate and effective adaptive solutions. Organizing workshops and meetings for experience exchange will aim to foster a robust and integrated community of practice. In this regard, at least 4 regional meetings are expected, including reflection and analysis seminars with cities, implementing partners, and experts. Additionally, 3 publications will be generated on program development, identifying best practices and including a series of papers on findings and challenges.

V. Award mechanism and proposed review process(es); with specificity of innovative options to facilitate the submission of proposals by local actors.

39. The program and its actions will aim to align with the vision and principles of Locally-Led Adaptation (LLA), based on its experience developing projects and programs where CAF supports local governments by providing direct funding and empowering communities to make decisions regarding their adaptation actions.

40. CAF has a learning management platform that offers flexible programming and training specifically designed for local governments. This platform aims to enhance the quality of proposals by providing applicants with targeted training and guidance. Webinars are organized to train applicants in key areas such as proposal writing, project planning, risk assessment, and compliance with environmental and social criteria. These interactive webinars allow participants to ask questions and receive real-time feedback.

41. Among other initiatives, the training "Cities and Climate Change in Latin America and the Caribbean" is aimed at technical officials from local governments. Its goal is to strengthen the skills and competencies of public officials in Latin American and Caribbean cities regarding climate change, integrating this dimension into city planning, territorial management, urban services, and project and infrastructure design, with the aim of promoting local climate action in line with national, regional, and international commitments.

42. Using the learning management platform and trainings participation and involvement of cities in the region an in-depth capacity analysis will be performed, using different capacity proxies (such as number and degree level of specialists with adaptation related knowledge) will be identified to further foster adaptation capacities and to deliver in different city tiers for Component 2 and Component 3.

43. In recent years, CAF has focused its efforts on developing studies and research that enable Latin American cities to develop adaptive solutions that are effective, sustainable, and culturally appropriate, ensuring a robust understanding of climate risk and the implementation of appropriate adaptation measures in Latin American cities. These past efforts will also be taken into account for the programme delivery on capacity building in particular to avoid overlapping and to better aim for those cities that clearly have a larger capacity need.

44. Regarding the decision making and review process for the Component 1 investments, an specific technical advisory team will be stablished with specialists from both climate adaptation and urban development teams in CAF, other external specialists will be invited to participate, including Von Humbolt´s Institute, UN-Habitat, ICLEI, and experts from local universities. The technical advisory team will provide a technical review of concept proposals and complete proposals for decision-making at CAF level.

45. Regarding the presentation of local proposals for Component 1, CAF will facilitate a simplified online form for pre-registration and first screening of concept proposals within the Biodivercities webpage, the pre-registration may include a 3 minute cellphone video describing the main vulnerabilities and adaptation actions on the ground. After a first review of the concept proposals, pre-selected cities will be invited to develop the complete proposal, through a maximum of a 10 page template, including impact, adaptation action description and implementation mechanisms. This second round is aimed at the participation of at least a double of cities from the available resources to maintain a healthy competitive process. Pre-selected cities will also participate in webinars and online consultation workshops to further improve their complete proposals before submission. Final submissions will be presented on a brief online form together with the proposal documents. The final submission may include an up to 7 minute cellphone video further describing the proposed adaptation actions and including the local authorities and community involvement in the adaptation strategy.

VI Provisions relating to project management, risk management, compliance with Environmental and Social Policy and Gender Policy:

46. CAF employs a comprehensive framework that ensures transparency and accountability throughout all project stages. This framework includes the identification and mitigation of environmental and social risks, the adoption of environmental and social safeguard policies, and rigorous monitoring of compliance with gender policies. Additionally, CAF promotes stakeholder engagement and ensures that environmental and social management practices align with international standards.

47. The program proposal, along with the measures implemented to comply with the Environmental and Social Policy and Gender Policy, will be publicly disclosed and shared with relevant stakeholders for information and participation. Periodic monitoring of compliance with the required environmental and social management plan will be conducted and documented in annual progress reports. The project team will encourage stakeholders to report any potential compliance issues and grievances.

48. Information about the project and the safeguards that must be met will be disclosed to the public and relevant stakeholders for their information and engagement. Periodic monitoring of compliance with the requirements will be carried out. Stakeholders will be encouraged to report any potential compliance issues and grievances. CAF has a grievance redress mechanism.

VII. Administration expenses, management fees or provisional budget, coordination, support to the NIEs and others:

49. Administrative expenses will cover the program's operational costs, including salaries for administrative staff, travel, and coordination to support activities that ensure effective collaboration among involved parties, including meetings, workshops, and the expansion of the BiodiverCities Network and Programme. The management fee (implementing entity) will

cover project supervision and monitoring, as well as audits and evaluations to ensure transparency and achievement of objectives.

50. Support for National Implementing Entities (NIEs) is addressed in Component 2, which includes activities to strengthen their capacities and ensure their effective participation in the program. This includes training programs to improve their technical and management skills, as well as technical assistance to support the implementation of projects aligned with the program's objectives.

51. From CAF's perspective, it is essential to have a regional entity with capacity and recognition to collaborate in the program's execution. In this regard, the organization ICLEI – Local Governments for Sustainability is an international network of local governments and state and regional organizations committed to sustainable development. ICLEI was founded in 1990 and has extensive experience in the field.

VIII. Budget and breakdown of expenditures, monitoring and evaluation arrangements; disbursement and schedule of milestones, etc.

52. The total amount of funding to be committed is proposed at USD 12 million. Depending on the Board's final decision, this will be adjusted in consultation with the Adaptation Fund Secretariat during the development of the funding proposal.

53. The monitoring and evaluation of the program will be conducted in accordance with the guidelines established by the Adaptation Fund. The Project Management Unit (PMU) will carry out these activities, which will be verified by the CAF Climate Change Adaptation team and the country offices where the beneficiaries are located. Dedicated support will be provided to the beneficiary entities by the team.

54. The specific monitoring and evaluation activities include a Project Inception Workshop, which will be held within three months of the project's start, involving the entire PMU team, relevant partners, and stakeholders. The Risk Matrix will be reviewed and updated regularly, with intervals of no less than six months. Beneficiaries are required to prepare Semi-Annual Performance Reports, which will include their compliance status with the environmental, social, and gender policies of the Adaptation Fund. Additionally, Annual Performance Reports (PPR) will be prepared to monitor progress since the project's inception. A Final External Evaluation will be conducted no later than three months before the project's closure.

55. Projected budget:

PROJECT/PROGRAMME COMPONENTS	MONTO (US$)
C1 Provision of small grants to implement LLA actions	7,700,000.00
C2 Technical support for the development of national or regional programmes in LLA	1,500,000.00

C3 Knowledge management and sharing.	1,000,000.00
	10,200,000.00
Cost of execution (administration)	1.000,000.00
Total cost of the program	**11,200,000.00**
Programme cycle management fee (implementing entity)	800,000.00
Amount of financing requested	**12,000,000.00**

56. Disbursement schedule:

Scheduled date	Upon signature of Agreement	One Year after Project Start	Year 2	Total
Project Funds	$2,500,000.00	$5,500,000.00	$3,200,000.00	$11,200,000.00
Implementing Entity Fees	$250,000.00	$350,000.00	$200,000.00	$800,000.00
Total	$2,750,000.00	$5,850,000.00	$3,400,000.00	$12,000,000.00

Annex 4

ADAPTATION FUND

UNIDO Expression of Interest for Locally-led Adaptation Aggregator

PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme:	Scaling Locally Led Adaptation Solutions (SLLAS)
Countries:	Global, Least Developed Countries
Thematic Focal Area[1]:	Choose an item.
Type of Implementing Entity:	Multilateral Implementing Entity
Implementing Entity:	United Nations Industrial Development Organization
Executing Entities:	To be confirmed – Institute for Environment and Development (IIED) and UNIDO are pre-identified as potential executing entities, and to be confirmed during PFG phase.
Amount of Financing Requested:	15,000,000 (in U.S Dollars Equivalent)
Project Formulation Grant Request:	Yes ☒ No ☐
Amount of Requested financing for PFG:	150,000 (in U.S Dollars Equivalent)
Letters of Endorsement (LOE) signed for all countries:	Yes ☐ No ☐

NOTE: LOEs should be signed by the Designated Authority (DA). The signatory DA must be on file with the Adaptation Fund. To find the DA currently on file check this page: https://www.adaptation-fund.org/apply-funding/designated-authorities

[1] Thematic areas are: Food security; Disaster risk reduction and early warning systems; Transboundary water management; Innovation in adaptation finance.

Annex 4

Project/Programme Background and Context:

1. This proposal is submitted in response to the Call for Expressions of Interest (EoI) from Multilateral and Regional Implementing Entities of the Adaptation Fund (AF) to serve as a small grants aggregator in the Localy-led Adaptation Aggregator. The call was issued on 20 June 2024 as part of new Medium Term Strategy (MTS-II) for the 2023 – 2027. UNIDO proposes the Scaling Locally Led Adaptation Solutions (SLLAS) programme. It aims to build on the successful foundation laid by the Adaptation Fund over the past 15 years, as well as other development partners, in promoting action and investments for climate adaptation. Such examples include the Adaptation Fund Climate Innovation Accelerator (AFCIA) partnership under which UNIDO's Adaptation SMEs Innovation Facility (ASIF) is housed.

2. SSLAS recognizes that successful initatives and solutions can achieve higher impact if they are complemented with locally-led adaptation (LLA) principles. In particular, SLLAS proposes to scale-up proven adaptation innovations stemming from the local private sector. Small and medium sized enterprises (SMEs) are often embedded in local communities, and therefore best placed to identify climate risks and vulnerabilities at the community levels. An example is the aforementioned ASIF, which focuses on accelerating early-stage climate adaptation innovations from SMEs that respond to the local adaptation needs. For higher adaptation impact, the next step is to support such proven adaptation interventions and technologies according to LLA principles to ensure their widespread impact and long-term sustainability.

3. Therefore, the main objective of SLLAS programme is to strengthen the bridge between the supply of proven adaptation solutions stemming from SMEs, and the large-scale adoption of these solutions driven by communities. In other words, SSLAS aims to address the challenges faced by adaptation solutions in moving beyond the initial pilot stages, and expand into rural markets to increase adaptation and resilience capacities of vulnerable communities. The communities adopting the adaptation solutions will be supported to also develope business models relating to the identified solution, in order to facilitate access to finance, and to promote local ownership through participatory approaches. Consequently, SLLAS will enhance the resilience and adaptive capacity of vulnerable communities by not only supporting community-driven adoption of adaptation solutions, but also building sustainability of these solutions through business models that lead to income generation.

4. The proposal aligns with the Adaptation Fund's principles of locally-led adaptation (LLA) by focusing on scaling proven adaptation solutions, supporting local adaptation innovators, and ensuring financial sustainability. In recognition of the role of the LLA Aggregator to focus on underrepresented areas in adaptation, focus will be given to health, biodiversity, and nature-based solutions. Where possible, SLLAS wil also seek to support adaptation and resilince building in fragile or conflict-affected settings. The SLLAS programme is designed to unlock the potential of the private sector in advancing high-impact climate adaptation solutions, directly benefiting vulnerable communities and contributing to global climate adaptation efforts.

<u>Programme Background and Context</u>

5. The latest IPCC report emphasizes the unprecedented scale of human-induced changes in the climate system. Climate extremes have resulted in widespread adverse impacts, causing significant losses and damages to both nature and communities globally. Vulnerable populations, historically least responsible for current climate change, bear a disproportionate burden[2].

6. Global warming will continue to increase in the near term (2021–2040) mainly due to increased cumulative CO_2 emissions in nearly all considered scenarios and modelled pathways, according to the IPCC report. The assessed climate response to GHG emissions scenarios results in a estimate of warming for 2081–2100 that spans a range from 2.7°C for an intermediate GHG emissions scenario (SSP2-4.5) and 4.4°C for a very high GHG emissions scenario (SSP5-8.5)2. Below figure shows the changes of mean temperature projections RCP 4.5 and RCP 8.5, comparing the time period 2020-2040 with 2080-2100.

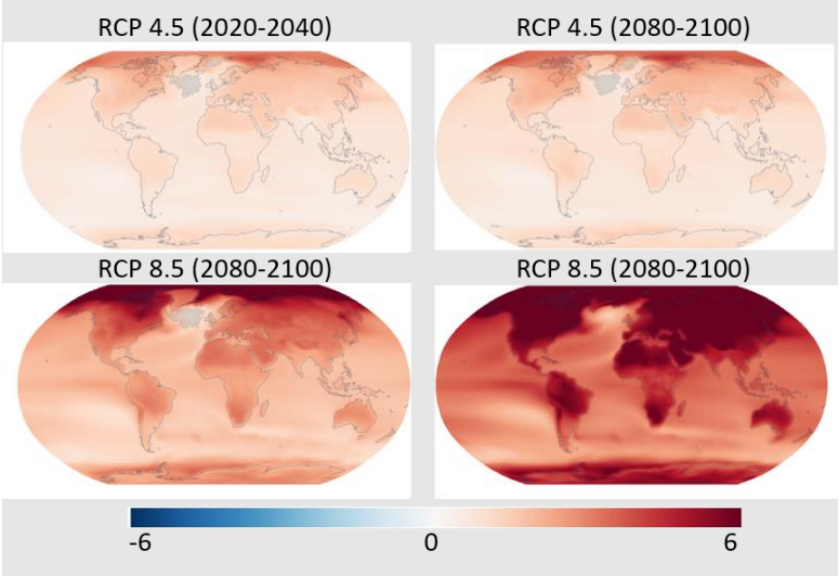


Figure 1: Change of annual mean temperature (relative to 1986-2005) based on 34 models under RCP 4.5 and RCP 8.5 scenario (IPCC, 2023)[3]

7. The economic losses caused by climate disasters have increased significantly from 1960 to 2020 globally (Figure 2). Approximately 3.3 to 3.6 billion people live in areas that are highly vulnerable to climate change2. Increasing weather and climate extreme events have exposed millions of people to acute food insecurity and reduced water security, with the largest adverse impacts observed in many locations and/or communities in Africa, Asia, Central and South America. Between 2010 and 2020, human mortality from floods, droughts and storms was 15 times higher in highly vulnerable regions2, compared to regions with very low vulnerability. Floods, droughts, storms and cyclones are all major climate-related natural hazards across developing countries (Figure 3). Developing countries are particularly on the front lines of the climate crisis, as epitomized by the fact that over the last 50 years, 69% of worldwide deaths caused by climate-related disasters occurred in LDCs[4]. High climate

[2] IPCC, 2023: Summary for Policymakers. In: Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, H. Lee and J. Romero (eds.)]. IPCC, Geneva, Switzerland, pp. 1-34, doi: 10.59327/IPCC/AR6-9789291691647.001

[3] Generated based on IPCC WGI Interactive Atlas

[4] https://www.iied.org/2020-review-climate-impacts-least-developed-countries

scenarios predict that it will have a significant impact on global poverty, pulling about 88,7 million people into poverty in the LDC regions[5].

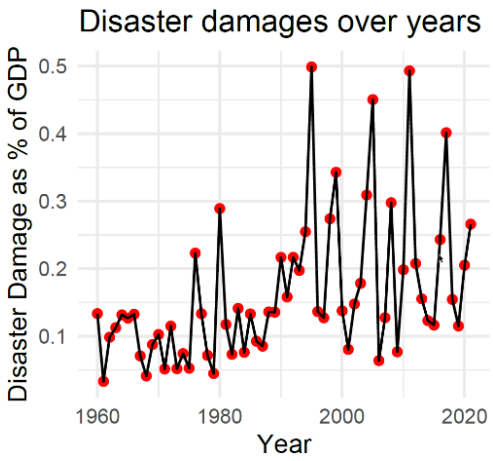


Figure 2: Total economic damages from climate disasters as a share of GDP from 1960-2021. (generated by the author based on the GDIS dataset and World in Data platform)

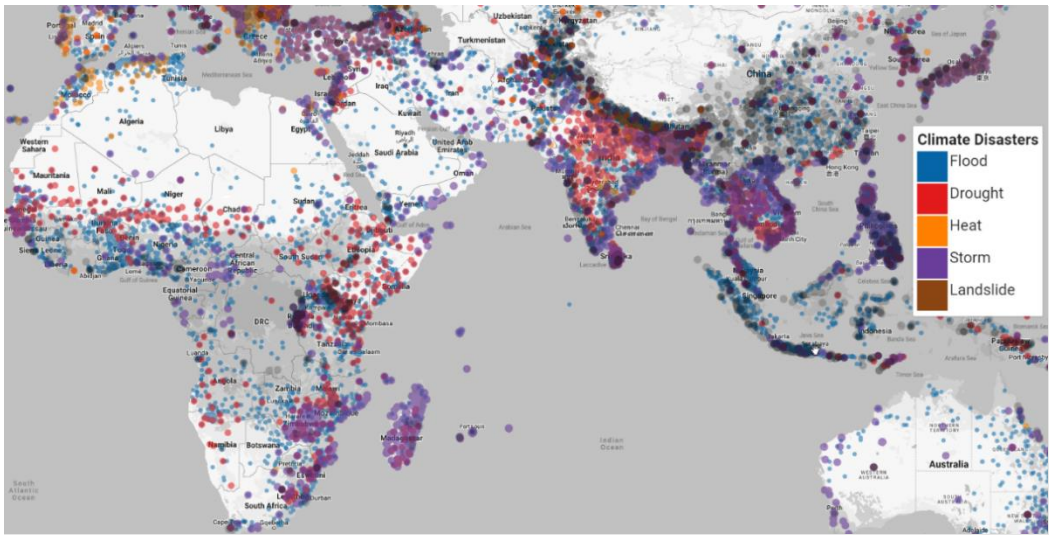


Figure 3: Major climate disasters recorded between 1960-2018 and total economic damages from disasters as a share of GDP (inset figure)(generated by the author based on the GDIS dataset and World in Data platform)

8. The concept of locally led adaptation recognizes the critical role that local communities and institutions play in designing, implementing, and sustaining effective climate adaptation solutions. Local actors possess an intimate understanding of their unique environmental, social, and economic contexts, making them well-positioned to identify relevant adaptation needs and devise appropriate responses. By empowering local stakeholders and leveraging their knowledge and capabilities, locally led adaptation can produce more sustainable and contextually relevant outcomes compared to top-down approaches.

[5] Jafino, Bramka Arga; Walsh, Brian; Rozenberg, Julie; Hallegatte, Stephane. 2020. Revised Estimates of the Impact of Climate Change on Extreme Poverty by 2030. Policy Research Working Paper;No. 9417. © World Bank, Washington, DC. http://hdl.handle.net/10986/34555 License: CC BY 3.0 IGO

Annex 4

The Role of SMEs in Climate Adaptation and Locally Led Adaptation

9. Small and medium-sized enterprises (SMEs) play a crucial role in climate adaptation due to their inherent agility, innovation, and deep-rooted connections within local communities. SMEs are often more flexible and responsive than larger corporations, allowing them to develop and implement climate adaptation solutions that are specifically tailored to local contexts. This agility is vital for addressing the unique and immediate challenges posed by climate change in various regions. SMEs' close ties to their communities enable them to understand and address specific local needs and vulnerabilities effectively. This proximity allows SMEs to engage directly with local populations, ensuring that the adaptation solutions they develop are culturally appropriate and responsive to the community's specific circumstances. By engaging communities in the process of creating, testing, and deploying adaptation solutions, SMEs ensure that these interventions are not only relevant but also embraced and sustained by those they are designed to help.

10. Moreover, SMEs contribute significantly to local economic development by creating jobs and stimulating economic activity. In the realm of climate adaptation, SMEs can drive economic resilience by developing businesses that provide sustainable livelihoods while addressing climate risks. This dual focus on economic and environmental resilience makes SMEs pivotal players in fostering sustainable development. The ability of SMEs to scale and replicate successful adaptation solutions across different regions is another critical aspect of their role. Proven technologies and practices developed by SMEs can be expanded to benefit a larger population, amplifying their impact. This scalability is essential for spreading effective adaptation strategies and enhancing the overall resilience of communities.

11. Linking the role of SMEs to locally led adaptation (LLA) principles highlights their importance in empowering local actors and promoting sustainable, inclusive adaptation strategies. Locally led adaptation emphasizes the empowerment of local entities to drive climate adaptation efforts. SMEs, being integral parts of local communities, are well-positioned to lead these initiatives. Supporting SMEs through programmes like the Scaling Locally Led Adaptation Solutions (SLLAS) fosters local innovation and leadership, ensuring that adaptation solutions are tailored to the specific needs and contexts of the communities they serve.

12. Investing in SMEs also builds local capacity, providing them with the resources, technical assistance, and business development support needed to manage and sustain adaptation projects independently. This focus on capacity building ensures that local entities are equipped to continue adaptation efforts long after initial interventions have concluded.

13. Promoting sustainability is a core aspect of LLA, and SMEs, through their ongoing engagement with communities, ensure that adaptation projects are not only implemented but also maintained and adapted over time. This ongoing involvement is crucial for adapting to evolving climate conditions and community needs, leading to more effective and lasting impacts.Building on the successes of other adaptation focused interventions, such as the Adaptation SMEs Innovation Facility (ASIF)[6], which

[6] ASIF implementation is expected to start in early 2025. This will align well with the project development cycle of SLLAS, which is foreseen to start implementation in 2027, if selected for further development and for implementation by the Adaptation Fund.
Please note that SLLAS will seek synergies with existing initiatives to scale-up adaptation solutions that have been proven through them. ASIF is an example of such an initiative, and SLLAS is not dependent on any ongoing initiative.

focuses on acceleration of early-stage climate adaptation innovations (Ignite) and their deployment and scale-up (Propel), the Scaling Locally Led Adaptation Solutions (SLLAS) programme aims to further expand and sustain proven adaptation projects and technologies. ASIF is one example of an initiative that SLLAS will build on, and during PFG phase, a survey of ongoing adaptation solutions and related initiatives will be conducted. SLLAS focuses on fostering local ownership, developing innovative business models, and connecting local initiatives with investors.

Barrier analysis

14. Scaling up and deploying proven locally-led adaptation SMEs face a multitude of challenges and barriers that can hinder their broader impact and sustainability, such as:

    a) **Lack of technical capacity and expertise**: SMEs in the adaptation sector often require specialized knowledge and skills to effectively implement and scale their solutions. However, access to such expertise can be limited, particularly in remote or underserved areas. This limitation hampers the ability of SMEs to refine their technologies, improve their business models, and achieve operational efficiency at a larger scale.

    b) **Limited access to Finance**: SMEs often struggle to attract investment due to perceived risks and uncertainties associated with climate adaptation projects. Traditional investors may lack the understanding or confidence needed to invest in these innovative solutions, leading to a financing gap that limits SMEs' ability to scale. Additionally, bureaucratic hurdles and complex regulatory environments can stymie the growth of these enterprises. Navigating the regulatory landscape requires significant time and resources, which many SMEs may not possess, further complicating their expansion efforts.

    c) **Weak market linkage between local adaptation solutions and broader market needs or demands**: SMEs may develop effective, context-specific solutions, but scaling these innovations to different regions with varying climatic, socio-economic, and cultural contexts presents a considerable challenge. Each new market requires adaptation and customization of solutions, which can be resource-intensive and risky.

    d) **Limited community engagement and acceptance**: For SMEs focused on locally-led adaptation, gaining the trust and buy-in of local communities is essential. However, scaling up often means entering new communities where SMEs must build relationships from scratch, overcoming scepticisms and resistance to change.

Project/Programme Objectives:

15. The primary objective of the Scaling Locally Led Adaptation Solutions (SLLAS) programme is to enhance the resilience and adaptive capacity of vulnerable communities by scaling up proven and effective locally led climate adaptation projects and technologies. This objective will be achieved through the development and implementation of innovative business models, the provision of targeted support to local adaptation innovators, and the facilitation of access to finance.

Project/Programme Components and Financing:

Project/Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (US$)

Annex 4

1. Scaling up and Deploying locally led Adaptation Solutions	1.1 Proven adaptation projects and technologies are scaled using sustainable and financially viable business models.	1.1.1 30 proven and market-ready adaptation solutions implemented and scaled up in targeted communities 1.1.2. 30 sustainable business models developed for the scale up and deployment of proven locally led adaptation solutions to facilitate access to finance 1.1.3. Organize deployment and impact assessment of solutions	Global	6,324,364
2. Demand Creation and Awareness Raising to support the scale up and deployment of locally led adaptation solutions	2.1 Empowered community adaptation advocates with skills to promote adaptation solution in target communities 2.2 Increased awareness and demand for adaptation solutions	2.1.1. 90 community adaptation advocates identified and trained on locally led adaptation 2.1.2. Develop training programs and materials for advocates 2.1.3. 30 community-based adaptation plans developed 2.2.1 Conduct awareness campaigns to educate vulnerable communities 2.2.2.10 local adaptation projects connected with potential investors	Global	4,500,000
3. Learning, knowledge management, monitoring and evaluation	3.1 Evidence building and knowledge sharing	3.1.1 60 community-level and 10 programme level communication and knowledge products published 3.1.2 Community advocates and solution providers	Global	1,500,000

		showcased at least once at a global level 3.1.3. Learnings and from SLLAS presented at on least 10 global events/platforms		
6. Project/Programme Execution cost (including M&E)				1,312,000
7. Total Project/Programme Cost				13,636,364
8. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable)				1,363,636
Amount of Financing Requested				15,000,000

Project Duration: *(In years and months)* ***6 years (72 months)***

Disbursement Schedule

	Upon signature of Agreement	One Year after Project Start a)	Year 2b)	Year 3	Year 4 c)	Year 5	Total
Scheduled date	Oct.25	Oct.26	Oct.27	Oct.28	Oct.29	Oct.30	
Project Funds	3.000.000	2.500.000	2.500.000	2.500.000	2.500.000	636.364	13.636.364
IE Fees	300.000	250.000	250.000	250.000	250.000	63.636	1.363.636
Total	3.300.000	2.750.000	2.750.000	2.750.000	2.750.000	700.000	15.000.000

PART II: PROJECT/PROGRAMME JUSTIFICATION

16. The Scaling Locally Led Adaptation Solutions (SLLAS) programme is designed with three primary components that collectively aim to enhance climate resilience across multiple countries. These components focus on scaling proven adaptation projects, raising awareness and creating demand for adaptation solutions, and facilitating access to finance for sustainable growth. Each component is intricately designed to contribute to the overall goal of increasing the adaptive capacity of vulnerable communities and ensuring the long-term sustainability of adaptation initiatives.

17. **Component 1** of the SLLAS programme focuses on scaling up and deploying locally-led adaptation solutions. 30 proven and market-ready adaptation solutions will be deployed in targeted communities, and the adoption of these solutions will be conducted in accordance with LLA principles

to ensure community ownership. Key selection criteria for the solutions include: a) demonstrated effectiveness in managing climate risks in similar contexts, b) confirmation by a technical review panel that the solutions' deployment at a larger scale will directly enhance the resilience in the targeted community, c) solid business model for financial sustainability of the solution itself, and d) willingness of the selected solution provider to work with the community and municipality to ensure local ownership and sustainability. The selection of solutions will be conducted by a technical review panel with adaptation and investment expertise, and final selection will be confirmed by approval from the concerned municipality and/or local government authority.

18. Selected solutions will each receive a mile-stone based grant of between 100,000 USD to 250,000 USD for community-wide deployment of the solution, in addition to technical support for community-led roll out of the solutions. Mile-stones will be tailor designed as per the specifics of the solution and the community. When required, CSOs or NGOs will be engaged to work with the community to ensure full awareness raising and ownership by the community in line with LLA principles, and this will be considered technical assistance from the programme. Solutions from local SMEs will be given priority, as per the co-benefits of engaging SMEs for climate resilience economic growth as described in para. 9-13 of this proposal. Solutions stemming from other types of entities (e.g. CSOs, NGOs, government projects etc.) will be eligible, provided that a strong business model and financial viability and sustainability can be demonstrated.

19. Under component 1, local entrepreneurs in the community will be supported to develop 30 sustainable business models (1 per adaptation solution) that are tailored to leverage the newly adopted adaptation solutions. These models will facilitate access to finance, ensuring that the projects can sustain themselves financially and continue to grow. Additionally, the programme will organize deployment and impact assessments of these solutions to measure their effectiveness and make necessary adjustments to enhance their impact. By focusing on proven solutions and sustainable business models, this component ensures that the adaptation efforts are both effective and economically viable, thereby maximizing their long-term benefits.

20. An example under component 1 would be community-led adoption of an innovative water purification and management system developed by a local SME, that flood-proofs a local hospital during floods and provides purified water during droughts. To ensure sustainability, SLLAS will work with the SME and the local hospital to develop a business/financial model for continued operation of the water system beyond SLLAS support. In addition, local entrepreneurs will be supported to build business models leveraging the newly adopted water system, to increase community ownership and management of the adopted solution. Such business models could be directly related to the adopted solution - i.e. business model for its operation and management, or an adjacent busines model - i.e. pay-as-you-go subscription to filtered water.

21. **Component 2** focuses on demand creation and awareness raising in communities to drive for further identification and large-scale adoption of- adaptation solutions, in conjunction with component 1. Empowering community adaptation advocates is a critical aspect of this component. The programme will identify and train up to 90 community adaptation advocates (up to 3 per community) who will play a crucial role in promoting adaptation solutions within their communities. These advocates will receive comprehensive training and materials that will equip them with the skills and knowledge needed to conduct climate risks and vulnerability assessment for their communities and effectively communicate the importance and benefits of adaptation solutions. After their training, they will be

supported to develop 30 community-based adaptation plans (1 per community) in close consultation with the people in the community, tailored to the specific needs and contexts of the communities they are intended to benefit. Awareness campaigns will be conducted to educate vulnerable communities about the adaptation solutions available to them and how they can access these resources. This grassroots approach to demand creation will foster a culture of adaptation within communities, making it more likely that the solutions will be embraced and sustained over the long term.

22. In addition, component 2 will support in addressing the financial barriers that often hinder the growth and expansion of adaptation projects. By facilitating access to finance, the SLLAS programme ensures that local adaptation projects can secure the funding needed for sustainable growth. Of the 30 solutions supported under component 1, the programme will further support 10 solutions to increase their investment readiness and replication potential to other communities, and connect them with potential investors, creating opportunities for financial support that might otherwise be inaccessible. Connection will entail at least one investment pitch session and a feedback session from the investor. UNIDO's global network of climate impact investors accumulated over the past 15 years will be mobilized to support this, to ensure that the technology and geographical interests align between the solution provider and the investor. Efforts will be made to connect all 30 solutions to potential investors, however confirmation from the investor for the investment pitch session cannot be guaranteed and therefore target number of connections is set to 10.

23. **Component 3** encompasses learning and knowledge management to capture the data, information and insights generated through execution of project components 1 and 2, and contribute to the global adaptation community. The results, impacts, and learnings from deployment of solutions in the 30 communities will be captured and published as communication and knowledge products to contribute to the evidence building for successful adaptation at community levels with LLA principles. These products may be in the form of reports, policy briefs, podcast episodes, videos or other format that can effectively reach the target audience. In addition, the 30 solutions providers and up to 90 community advocates will be showcased at least once on a global/regional level platform. This is to enhance their exposure and visibility, as well as the impact of SLLAS. In addition, learnings and from SLLAS presented at on least 10 global events/platforms such as the UN Climate Change conference and other high-level events to contribute to demonstrating the successes of LLA principles.

24. The programme components are interlinked and mutually reinforcing, creating a comprehensive framework for scaling locally-led adaptation solutions. By focusing on the deployment of proven solutions, raising awareness and creating demand, and facilitating access to finance, the programme addresses the critical barriers to effective adaptation. This holistic approach ensures that the benefits of the adaptation solutions are maximized, leading to increased resilience and adaptive capacity in vulnerable communities across the region. Through careful planning, community engagement, and strategic financial support, the SLLAS programme aims to create a sustainable and scalable model for climate adaptation that can be replicated in other regions facing similar challenges.

<u>Promotion of New and Innovative Solutions</u>

25. The SLLAS programme promotes innovation in climate adaptation through the development of sustainable business models tailored for local contexts, the implementation of new technologies that have proven successful elsewhere, and the use of innovative financial mechanisms to support scaling efforts. By integrating these elements, the programme encourages the adoption of cutting-edge adaptation practices and technologies that address specific regional climate challenges.

Cost-effectiveness of the Regional Approach

26. The regional approach enhances cost-effectiveness by pooling resources, expertise, and best practices across countries. Shared training programs, regional advocacy campaigns, and joint financial matchmaking events reduce duplication of efforts and leverage economies of scale. This approach allows for a more efficient allocation of funds, reducing the per-unit cost of adaptation activities while increasing their overall impact.

Consistency with National and Sub-national Strategies

27. The SLLAS programme is designed to align with national and sub-national sustainable development strategies, including national adaptation plans, poverty reduction strategies, and national communications on climate change. By engaging with relevant stakeholders and aligning project goals with existing policies, the programme ensures coherence with broader development objectives. At the regional level, the programme supports and complements regional adaptation strategies, fostering a coordinated and unified approach to climate resilience.

Learning and Knowledge Management

28. The programme includes a robust learning and knowledge management component to capture and disseminate lessons learned. This involves documenting best practices, developing case studies, and facilitating knowledge exchange through regional workshops and online platforms. These efforts will ensure that successful adaptation strategies are shared and replicated across the region.

Consultative Process

29. A comprehensive consultative process will be undertaken during project preparation, focusing on engaging vulnerable groups, including women and marginalized communities. This process will ensure that the voices of those most affected by climate change are heard and incorporated into the project design. The consultation will comply with the Environmental and Social Policy of the Adaptation Fund, ensuring that gender considerations and social inclusiveness are integral to the project.

Sustainability of Project Outcomes

30. The sustainability of project outcomes is a key consideration in the design of the SLLAS programme. This will be achieved by:
    - Building local capacities to manage and sustain adaptation projects post-implementation.
    - Developing sustainable business models that ensure financial viability.
    - Engaging local communities and stakeholders throughout the project lifecycle to foster ownership and long-term commitment.
    - Facilitating access to continuous financing through investor networks and financial matchmaking events.

Economic, Social, and Environmental Benefits

31. The SLLAS programme is expected to provide significant economic, social, and environmental benefits, particularly to vulnerable communities. Economically, it will create job opportunities and stimulate local economies. Socially, it will empower communities, enhance social cohesion, and support marginalized groups. Environmentally, it will enhance resilience to climate impacts, protect ecosystems, and promote sustainable resource use. The programme will ensure compliance with the Environmental and Social Policy of the Adaptation Fund to avoid or mitigate any negative impacts.

Compliance with National Technical Standards

32. The project will comply with relevant national technical standards, including environmental assessments and building codes. It will also adhere to the Environmental and Social Policy of the Adaptation Fund, ensuring that all activities meet high standards of environmental and social responsibility.

Response to LLA Principles

33. The SLLAS programme is firmly grounded in the principles of locally-led adaptation (LLA). It empowers local communities to lead adaptation efforts, integrates local knowledge and context-specific solutions, promotes inclusive participation, and ensures that adaptation actions are sustainable and culturally appropriate. By doing so, the programme not only addresses immediate climate challenges but also builds long-term resilience and capacity within communities.

PART III: IMPLEMENTATION ARRANGEMENTS

34. UNIDO as multilateral implementing entity of the AF will be responsible for the implementation of the programme. UNIDO has pre-identified the International Institute for Environment and Development (IIED) as a potential executing partner with expertise and experience in adaptation research, knowledge and learning, and therefore may be invited to participate in the co-design process of the SLLAS into a full programme, and also to execute knowledge creation and capacity building dimensions under SLLAS. In particular their involvement is expected in component 2, to empower communities by training adaptation advocates with skills to promote adaptation solution in target communities This is pending official capacity review by UNIDO, upon invitation of the Adaptation Fund to further develop this proposal. UNIDO will also issue an open tender to invite qualified companies to submit offers for the execution of the project components as relevant.

35. Implementation arrangements, including all related procurement and recruitment will be conducted in alignment with UNIDO's commitment to transparency, fairness, and efficiency in its procurement processes. UNIDO aims to ensure that all interested parties have an equal opportunity to participate and compete for the project or service being sought, and that UNIDO can source the best available technical expertise for successful execution of all project components. By following such practices, UNIDO upholds its commitment to responsible and accountable procurement, fostering trust among stakeholders and partners.

36. In addition, UNIDO will be responsible for effective and efficient the monitoring and evaluation of all programme activities, as per standard UNIDO practice including a mid-term review and a inal evaluation under component 3. Expected costs for M&E by the Implementing Partner (UNIDO), including a third-party audit, is approximately 300,000 USD, and will be sourced from the Programme Execution Costs requested for this proposal.

Annex 4

PART IV: ENDORSEMENT BY GOVERNMENTS AND CERTIFICATION BY THE IMPLEMENTING ENTITY

A. Record of endorsement on behalf of the government[15] *Provide the name and position of the government official and indicate date of endorsement for each country participating in the proposed project/programme. Add more lines as necessary. The endorsement letters should be attached as annexes to the project/programme proposal.*

(Enter Name, Position, Ministry)	Date*: (Month, day, year)*
(Enter Name, Position, Ministry)	Date*: (Month, day, year)*
(Enter Name, Position, Ministry)	Date*: (Month, day, year)*

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

I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans (……list here…..) and subject to the approval by the Adaptation Fund Board, commit to implementing the project/programme in compliance with the Environmental and Social Policy of the Adaptation Fund and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.	
Name & Signature Implementing Entity Coordinator	
Date: *(Month, Day, Year)*	Tel. and email:
Project Contact Person:	
Tel. And Email:	

Each Party shall designate and communicate to the secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.

Annex 5

EXPRESSION OF INTEREST

FROM THE WORLD BANK [SDCC/SSI]

To serve as a Small Grants Aggregator in the Locally-led Adaptation Aggregator Programme

AUGUST 2024

I. Rationale

The World Bank has been stepping up efforts to scale up climate finance and deliver dual dividends on climate and development. The World Bank has a proven track record of delivering on environmental and social outcomes worldwide. Just this past year, we committed to increasing our near-term climate finance goal by an additional 10% when we realized we were on track to pass it. This goal sets the level of investment the Bank will aim to have in projects that support climate change: 45% of all financing must be allocated toward climate outcomes by 2025.

Acknowledging the urgency of adaptation, and the need to build capacity and systems at all levels of society (as recognized in the Global Goal on Adaptation), the Bank has been increasing its efforts to support locally-led adaptation (LLA). The Bank recognizes that people living in poverty are always more vulnerable to climate impacts and so reducing poverty is one of the most effective ways to reduce climate vulnerability. While progress on poverty reduction has slowed in recent years, there's a wealth of evidence now showing that as countries develop they also improve the adaptive capacity of people and communities supports the people and places that need it most, while also responding to the ambition and abilities of people that are ready to lead the way on climate action. As such, the Bank is using funding channeled through its International Development Association to support over $4 billion to locally led climate projects in 20 low-income countries covering the Pacific Islands, South Asia, Africa and the Caribbean (IDA20). In West Africa, where daunting climate conflict and poverty challenges are creating strains within and between countries, the Bank is building regional platforms in over 11 countries with over $2 billion in finance to support demand-driven climate investments.

Through its work, the Bank acknowledges the link between gender inequality and climate vulnerability, ensuring inclusive participation in its projects. A notable achievement is in Togo, where women represent half of the 100,000 project beneficiaries. In Kenya, a history of local climate leadership has laid the groundwork for partnership with the Bank. Through the Financing Locally Led Climate Action (FLLoCA) program, the Bank is allocating $150 million, supplemented by $65 million from donors, to empower local communities in developing resilience strategies. A significant 90% of FLLoCA funds are designated for county and community initiatives, prioritizing support for the most vulnerable, including women, youth, the disabled, elders, and other marginalized groups.

The Bank's current priority is to expand the scale of locally-led efforts for climate action within its programming. This will entail integrating locally led adaptation efforts into existing national and regional community-driven development projects. Already, this portfolio numbers over 450 projects across a variet of sectors (agriculture, water, environment, social development etc…) and makes up about 15% of total bank financing. The Bank has already taken concrete steps to achieve through establishing a global platform on LLA to work closely with the different country programs to achieve this objective.

Annex 5

This Expression of Interest serves to position the World Bank to serve as a Small Grants Aggregator in support of the Adaptation Fund's Locally-led Adaptation Program. The Bank is uniquely positioned for this given:

- A Track recording working on locally-led programs for climate and development.
- Ability to scale up local pilots through national and regional programs.
- Advance best practice globally through knowledge and learning and exchanges.
- WB capacity as a re-granting facility
    - The Bank is an entity accredited by the Adaptation Fund, and capable of implementing the safeguards required in work that affects vulnerable populations and ecosystems.
    - The World Bank has a track record working on the community level and providing grants to local stakeholders for pilots and innovation.
- World Bank ability to convene local, national, and global stakeholders for sharing lessons, scaling up efforts, and promoting knowledge.

II. Vision and Objective

Following the specifications of the Call for Expressions, we would like to propose a World Bank aggregator with the vision to promote nationally and regionally locally led adaptation solutions tested and monitored under ongoing World Bank programming. This will help amplify needs and priorities of the global south; amplify the role of local actors in climate action; demonstrate local leadership; and scale up results through World Bank programming and other Multi-laterals.

The World Bank Locally-Led Adaptation Aggregator will be designed around two core pillars:

1. LLA operational programming through WB projects. This will include contracting local LLA innovators and stakeholders for testing approaches that would be scaled up through national and regional Bank programming. The focus will on projects that create lasting change, that serve those most impacted by climate change, and that promote the efforts of those championing innovative approaches. Thes grants will be coupled with tailored support for capacity building.
2. Learning and knowledge generation. This pillar will support facilitating knowledge exchange between practitioners, client countries, Bank task teams and other LLA partners while building resources and the evidence for LLA for use by community of practice.

III. Design details

<u>Pillar 1: LLA operational programming through WB projects</u>

Under this pillar it is envisaged to identify 4-6 countries where there are ongoing community driven development projects that have a main objective on climate resilience. The selection of the countries will ensure global representation while at the same time focusing on those with greater vulnerability to climate change, underpinned by exposure to hazards, limited financial resources, and/or countries where there is an angle that addresses the needs of historically marginalized groups such as women, youth, and Indigenous Peoples. For each of the projects, identification of local actors that are pioneering LLA activities

will be identified and one will be selected to design LLA specific activities for the project, implement them, and subsequently integrate them in the operations for scale up.

Where possible, grant applications will be reviewed as a portfolio for this aggregator identify opportunities for learning and exchange, as well as complementarity of experience across the portfolio of projects supported (for instance, type of climate hazard faced, type of local organization involved, sector in focus).

For each grant, support for capacity building, potential for accreditation with the Adaptation Fund (or other vertical climate funds) will be provided. The World Bank will be responsible for implementation of the initiative, including management of funds, hiring of contractors, liaising with partners, disbursement of funds to grantees, monitoring results, and ensuring compliance with safeguards and other policies.

Pillar 2: Learning and knowledge generation

This pillar will help disseminate the learnings of activities above and will aim to expand the knowledge and evidence base on LLA. Specific knowledge and learning activities will be targeted to ensure dissemination of activities globally, engagement with client countries to learn about results, and a focus on replication of LLA activities across the World Bank portfolio. Specific activities will be aimed to build partnerships, connect local leaders with global partners, and support the growth of the community of practice for locally led adaptation. Main activities under this pillar will include:

- Co-creation workshops and peer learning exchanges: bringing together local leaders and grantees in addition to country representatives, donors, and others to identify opportunities for scale up. Dedicated peer learning exchanges among grantees will also take place on a regular basis (online and in person) to support the implementation of their activities.
- Annual forum at the World Bank reporting back on results of grantees, highlighting innovation of the Adaptation Fund and other partners.
- Evidence papers highlighting results and impacts of grantees projects.
- Online knowledge repository which will be a publicly accessible, regularly updated website serving as a space to compile evidence–generated through this program and other endeavors led by the Bank, Adaptation Fund, or other partners on LLA–and make this easily accessible to audience outside and inside the World Bank. The repository may also become a venue for different practitioners to exchange lessons learned (i.e., within the community of practice).
- Media outputs (blogs, videos, interviews etc...) to report impact stories.
- Yearly stocktake sharing lessons learned and results.

The Grant will be administer by the Social Sustainability and Inclusion Practice that is hosting the global platform on LLA with the World Bank. The Platform coordinates closely with the Climate Change Team, to ensure integrity of results, and works closely with the country programs to provide support on LLA. Furthermore, the Platform coordinates with the different partners and is part of the LLA community of practice hosted by the World Resources Institute.

Annex 5

IV. World Bank capacities and Experience

The World Bank is renowned for its capacity to administer large trust funds, ensuring financial integrity and adherence to safeguard policies in all its projects. The Bank's fiduciary systems are designed to manage these funds with transparency and accountability, ensuring that resources are allocated and utilized effectively to achieve their intended outcomes. Safeguard policies are a critical aspect of the Bank's project management process. These policies are intended to prevent and mitigate undue harm to people and their environment in the areas where the Bank operates. The Bank conducts thorough social and environmental assessments, engages in public consultations, and implements mitigation strategies to address any potential negative impacts.

V. Budget

The Grant is expected to be for three years for a total budget of $7,875,000 including grants going to local LLA projects.

BUDGET			
	Year 1 (US$)	**Year 2 (US$)**	**Year 3 (US$)**
LLA projects granted by the World Bank	1,500,000	1,500,000	1,500,000
Analytics *(including M&E)*	250,000	300,000	350,000
Evidence and tool building	150,000	200,000	300,000
Event planning and logistics	200,000	300,000	400,000
Coordination and partnerships	75000	75000	75000
Management and staffing fee	175000	225000	300,000
Total	**2,350,000**	**2,600,000**	**2,925,000**
	7,875,000		