

Green Climate Fund

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# Additional Result Areas and Indicators for Adaptation Activities

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**GCF/B.06/03**

9 February 2014

**Meeting of the Board**

19-21 February 2014

Bali, Indonesia

Agenda item 7

### **Recommended action by the Board**

It is recommended that the Board:

- (a) Takes note of the information presented in document GCF/B.06/03 *Additional Result Areas and Indicators for Adaptation Activities*;
- (b) Provides guidance on the policy matters raised in this document; and
- (c) Adopts the draft decision presented in Annex I to this document.

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## Additional Result Areas and Indicators for Adaptation Activities

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### I. Introduction

1. At its October 2013 meeting, as part of its consideration of the Fund's business model framework, the Board, in its decision B.05/03:

*"request[ed] the Secretariat to develop additional result areas and indicators for adaptation activities for consideration by the Board at its first meeting in 2014."*

2. Adaptation to the impacts of climate change will require wide-ranging adjustments in economic processes, human behaviour, institutional arrangements, investment decisions and public policy. In accordance with the Fund's country-driven approach, developing countries will identify their priority result areas in line with their national strategies and plans. This is particularly appropriate for adaptation, since the exact requirements and priorities will vary from country to country. This is why the Fund intends to pursue a broad, menu-based approach to adaptation result areas.

3. There are already eight result areas, adopted by the Board at its October 2013 meeting (decision B.05/03 and Annex I of document GCF/B.05/23), that deal partly or exclusively with adaptation. They are:

- (a) Design and planning of cities to support mitigation and adaptation;
- (b) Sustainable land use management to support mitigation and adaptation;
- (c) Sustainable forest management to support mitigation and adaptation including afforestation and reduction of forest degradation;
- (d) Adaptation activities to reduce climate-related vulnerabilities;
- (e) Selected "flagship" activities<sup>1</sup> cutting across adaptation result areas;
- (f) Readiness and capacity building for adaptation and mitigation activities;
- (g) Scaling up of effective community-based adaptation actions;
- (h) Supporting the coordination of public goods such as "knowledge hubs".

4. This document submits to the Board for its consideration a set of adaptation result areas that combines the eight existing result areas with five proposed extensions and additions. Some of them build on, and expand, existing result areas (in particular on land use management), while others address previously uncovered adaptation challenges. Taken together, the 13 result areas create a comprehensive, operationally meaningful organizing framework for all adaptation activities. Chapter II provides an overview of the proposed organizing framework and the complete list of 13 adaptation result areas (existing, extended and additional).

5. An important aspect of each result area from an operational point of view is indicators to monitor the Fund's performance. Chapter III deals with this matter, drawing on, and adopting, the approach put forward in document GCF/B.06/04 *Initial Results Management Framework of the Fund (Progress Report)*.

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<sup>1</sup> To be defined by the Board. They may include, for instance, reducing the high vulnerabilities of women and children in disasters; increasing the resilience of people in highly populated floodplains; adaptation-oriented infrastructure; effective risk spreading mechanisms, including insurance mechanisms; and encouraging the use of ecosystem-based adaptation actions.

6. Annex II provides an overview of the five result areas that have not yet been adopted by the Board and related performance indicators, while Annex III offers detailed explanations and descriptions.

## II. Organizing framework for adaptation result areas

7. It is proposed to organize adaptation activities into 13 result areas. This would create a framework that is operationally meaningful, as activities with similar operational challenges (such as skill requirements) are pooled into separate result areas, while the totality of result areas offers comprehensive coverage, thus providing flexibility to respond to local contexts and national priorities. The 13 result areas are summarized in Table 1. They are structured into two main groups of six, plus one cross-cutting result area:

- (a) Result areas in the first group focus on particular *exposure units* or sectors, such as human health, infrastructure and ecosystems;
- (b) Result areas in the second group focus on particular *adaptation approaches*, such as community-based adaptation or risk-sharing;
- (c) Cutting across exposure units and adaptation approaches, the final result area concerns *adaptation activities to reduce climate-related vulnerabilities* more broadly, as agreed by the Board in October 2013.

**Table 1: Organizing framework for adaptation result areas**

<u>Result areas focusing on particular exposure units:</u>	
(a)	<i>Extended:</i> Sustainable land use management, agriculture and rural adaptation
(b)	<i>Additional:</i> Ecosystems and ecosystem-based adaptation
(c)	Design and planning of cities (emphasizing adaptation and mitigation links)
(d)	Sustainable forest management (emphasizing adaptation and mitigation links)
(e)	<i>Additional:</i> Climate-resilient infrastructure
(f)	<i>Additional:</i> People, health and well-being
<u>Result areas focusing on particular adaptation approaches:</u>	
(g)	Readiness and capacity building (emphasizing adaptation and mitigation links)
(h)	Effective community-based adaptation
(i)	<i>Additional:</i> Approaches to risk sharing and transfer
(j)	Programmatic and transformative adaptation activities
(k)	Coordination, knowledge hubs and South-South exchange
(l)	Cross-cutting themes (“flagships”) across result areas

Cross-cutting result area:

(m)	Adaptation activities to reduce climate-related vulnerabilities
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8. The choice of result areas reflects the state of knowledge in adaptation practices, and the financial and technical assistance needs of vulnerable countries. In particular, the result areas:

- (a) Are consistent with the Governing Instrument and the guidance received from the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC);
- (b) Respond to the adaptation needs of vulnerable countries, as identified in national adaptation plans (NAPs) and national adaptation programmes of action (NAPAs) (as also foreseen in the Governing Instrument); among NAPAs, food security projects, which includes agriculture, are the most commonly identified and most highly prioritized adaptation action, followed by terrestrial ecosystem and water resources projects; disaster risk reduction projects, while less common, tend to be high priority when they are identified;
- (c) Incorporate the lessons from good adaptation practices, which emphasize adaptation activities that:
  - (i) Promise early “low-regret” results (e.g. actions with co-benefits),
  - (ii) Avoid “locking in” high-vulnerability profiles (e.g. by building in high-risk areas), and
  - (iii) Start early on actions that have long lead times before coming to fruition;
- (d) Address the main financing needs in adaptation, as identified in the literature on financial flows and cost of adaptation (which, for example, highlights the cost of infrastructure adaptation).

9. Each result area has its own, distinct operational features. Activities are grouped into a particular result area because they share certain operational characteristics, such as a common client or stakeholder base (e.g. farmers) or a shared need for particular skills (e.g. insurance know-how). Each result area also offers a distinct angle on adaptation. Most result areas are focused on a specific sectors (such as health) or adaptation approaches (such as community-based adaptation), which will permit a thorough technical engagement and mobilization of specialized resources.

10. At the same time, there are over-arching themes that feature in many of the result areas, such as:

- (a) The need for close coordination with development assistance, planning and decision making;
- (b) The importance of institutional capacity building, both to implement adaptation actions and to increase adaptive capacity across institutions;
- (c) The necessity to engage with the private sector; and
- (d) The need to monitor performance.

11. There are also certain climate risks that cut across result areas. A good example is the impact of climate change on water. Adaptation to changes in the water system are a vital component of successful adaptation. Yet, it would be difficult to confine water matters to one result area, as water needs to be considered in almost every adaptation context. For example, water-related adaptation needs in agriculture are very different from water-related adaptation needs in health, but must be considered in both. So a water result area would require too broad

a range of operational skills and would risk duplication with other result areas. A more meaningful approach, therefore, is to treat water as a cross-cutting matter to be considered in each of the other result areas. Water-related adaptation activities are likely to feature, for example, in sustainable land use management (relating to agricultural water use), cities (municipal water supply), infrastructure (water investments), ecosystems (sufficient water to safeguard the environment), health and well-being (access to safe drinking water), etc. (See the activity examples for each result area in Annex III, where water adaptation features prominently).

12. The deliberately broad scope of adaptation activities can create overlaps. For example, an activity to strengthen community-based responses in rural areas has features of at least two result areas (community-based adaptation and sustainable land use). Similarly, adaptation actions dealing with water may be assigned to different result areas (such as infrastructure, land use management or cities), depending on their operational focus. Such ambiguities will have to be managed, although a certain amount of thematic overlap is unlikely to be problematic in practice. The concrete nature of an activity, and the specific skills required to implement it, will often make categorizing easier.

13. The distinct nature of different result areas also creates important complementarities. For example, activities to reduce rural vulnerability in the result area on sustainable land use management, e.g. through extension services and diversification schemes, could be complemented by detailed technical activities under the risk-sharing result area to develop an insurance market.

14. Annex III describes the defining operational features of the five proposed result areas in more detail, including examples of suitable activities and a set of performance indicators. The same information on existing result areas is contained in document GCF/B.05/02.

### **III. Indicators to measure adaptation performance**

15. Both the existing as well as extended and additional adaptation result areas are embedded in the adaptation results management framework, which forms the basis for monitoring the impact and outcomes of adaptation activities. This framework tracks how inputs (such as adaptation grants) lead to tangible project and programme outcomes (such as an increased uptake of climate-resilient crops) and, in due course, combine to have a transformational impact on a sector (a more resilient agriculture sector). Transformational impact is associated with each of the proposed result areas, although it is recognized that this cannot be achieved through Fund interventions alone.

16. An indicative set of performance indicators at the sectoral level is included for the extended and additional result areas in the detailed descriptions in Annex III. They are based on, and consistent with, the overall results management framework proposed in document GCF/B.06/04.

17. A key monitoring challenge is the ability to collect adequate performance data. Establishing a meaningful indicator framework for adaptation, which provides continuously good information at the relevant spatial and temporal scales, is difficult, even in advanced countries. A practical implication of such data constraints may be that most adaptation activities will usually need to incorporate data collection support into their design as a matter of course.

## **Annex I: Draft decision of the Board**

The Board, having considered document GCF/B.06/03 *Additional Result Areas and Indicators for Adaptation Activities*,

- (a) Adopts the extended and additional adaptation result areas and performance indicators of the Fund, as contained in Annex II to document GCF/B.06/03;
- (b) Takes note that core indicators may be further adjusted in the result management framework, once it is decided upon by the Board.

## Annex II: Extended and additional adaptation result areas and related performance indicators

Extended/additional adaptation result areas	Performance indicators <sup>1</sup>
<b>For all adaptation result areas</b>	<p><b>Climate change adaptation mainstreamed into governments and societies</b></p> <ul style="list-style-type: none"> <li>– Perception of the timeliness, content, and reach of early warning systems</li> <li>– Quality of regulatory environment put in place by the government to enable civil society and private sector adaptive interventions</li> </ul>
<b>I. Sustainable land use management, agriculture and rural adaptation</b>	<p><b>Enhanced agricultural and rural adaptation</b></p> <ul style="list-style-type: none"> <li>– Number of food secure households</li> <li>– Mix of livelihood strategies/coping mechanisms</li> <li>– Areas of farmland made more resilient</li> </ul>
<b>II. Ecosystems and ecosystem-based adaptation</b>	<p><b>Improved ecosystem adaptation</b></p> <ul style="list-style-type: none"> <li>– Number and area of habitats restored or protected by funded activities</li> </ul>
<b>III. Climate-resilient infrastructure</b>	<p><b>Climate-resilient infrastructure and built environment</b></p> <ul style="list-style-type: none"> <li>– Value of infrastructure protected from rapid-onset events and slow-onset processes</li> <li>– Number of instances where infrastructure has been physically moved or built in less vulnerable locations</li> </ul>
<b>IV. People, health and well-being</b>	<p><b>Enhanced human health and well-being</b></p> <ul style="list-style-type: none"> <li>– Perceptions of beneficiaries of their state of health and the level of climate-related risk to which they are vulnerable</li> </ul>
<b>V. Approaches to risk sharing and transfer</b>	<p><b>Enhanced agricultural and rural adaptation</b></p> <ul style="list-style-type: none"> <li>– Area of farmland made more resilient to climate change events</li> <li>– Number of food secure Households</li> <li>– Mix of livelihood strategies/coping mechanisms</li> </ul> <p><b>Enhanced human health and well-being</b></p> <ul style="list-style-type: none"> <li>– Perceptions of beneficiaries of their state of health and the level of climate-related risk to which they are vulnerable</li> </ul>

<sup>1</sup> In addition, activities in this result area will be associated with indicators on project and programme outcomes. These will depend on the specific nature of an activity.



## **Annex III: Description of extended and additional adaptation result areas and related performance indicators**

1. This Annex provides a detailed description of the five extended and additional result areas proposed under the organizing framework for adaptation activities. It complements document GCF/B.05/02, which contains the same type of information for the already approved result areas.

### **I. Extended result area: Sustainable land use management, agriculture and rural adaptation**

#### **1.1 Summary**

2. This result area expands the scope of the existing result area on sustainable land use management to give it a stronger focus on adaptation. Adaptation activities under this result area focus on the rural economy and the agricultural sector, which is a prominent part of low-income economies and includes some of the groups most vulnerable to climate change.

#### **Examples of possible activities in this result area**

- (a) Support for improved extension and marketing services, and local infrastructure (especially transport), which allow farmers to take up autonomous measures, such as improving irrigation techniques and changing planting patterns;
- (b) Long-term rural development and agricultural diversification strategies to increase the resilience of rural economies and improve rural productivity;
- (c) Small grants and loan programs to facilitate the uptake of new adaptation techniques associated with upfront costs (e.g. new cultivars, irrigation schemes, machinery);
- (d) Subsidised insurance for 'first-movers' to encourage more rapid uptake and testing of potentially more resilient farming systems;
- (e) Research and introduction of crop and livestock varieties with improved heat tolerance.

#### **1.2 Operational features**

3. Agriculture and rural adaptation requires both highly specialized local actions to reach the most vulnerable groups and broader programmes, such as water management, research into climate-resilient crops and wider development of rural economies and supply chains. The operational response may be to operate both at the level of providing frameworks and programmatic funding for local actions, as well as providing for broader programmes.

4. Activities in this result area will require interaction with two sets of actors in particular: public development organizations and the private sector. Given the strong overlap with development objectives, there is a need for close coordination with development agencies and government institutions in charge of rural development strategies. There should be a strong focus on the private sector, both to implement local adaptation actions and as an adaptation mechanism, for example, by strengthening supply chains.

## 1.3 Rationale

5. Agriculture is one of the most vulnerable sectors to climate change. An agriculture and rural adaptation result area also responds to the self-identified adaptation needs of least developed countries in NAPAs and NAPs, where it is the most frequently identified and prioritized matter. This result area also provides scope for low-regret actions, realizing co-benefits and taking a gender-sensitive approach, as the overlap with development is often great.

## 1.4 Performance indicators

6. Activities in this result area aim to have transformative sector impact on the following dimensions of the adaptation results management framework:

- (a) **Enhanced agricultural and rural adaptation.** The associated indicators are:
- (i) Number of food secure households
  - (ii) Mix of livelihood strategies/coping mechanisms
  - (iii) Areas of farmland made more resilient
- (b) **Climate change adaptation mainstreamed into governments and societies.** The associated indicators are:
- (i) Perception of the timeliness, content, and reach of early warning systems
  - (ii) Quality of regulatory environment put in place by the government to enable civil society and private sector adaptive interventions

7. In addition, activities in this result area will be associated with **indicators on project and programme outcomes**. These will depend on the specific nature of an activity (e.g. the number of farmers changing planning dates, cultivars and crop types and the associated area under cultivation; adoption of soil moisture enhancing and water management practices; measures of agricultural diversity across the landscape; indicators of diversifying livelihoods).

8. See document GCF/B.06/04 for further details.

## II. Additional result area: Ecosystems and ecosystem-based adaptation

### 2.1 Summary

9. This result area has two main applications. The first is the ability of natural and semi-natural systems to respond to climate change and the ability of people and society to respond to climate-related damage to these systems. The second is the enhancement of adaptation services that these systems can supply. These two activities (of adapting ecosystems and using ecosystems as a form of adaptation) are distinct and sometimes contrary activities – the implementation of an ecosystem based-adaptation may not necessarily provide the best adaptation for the ecosystem. Ecosystems and ecosystem-based adaptation are grouped as one result area, despite potential differences in outcome, due to operational similarities; every actor in ecosystem adaptation and ecosystem-based adaptation will need to be an expert in ecosystems.

**Examples of possible activities in this result area**

- (a) Programmes of ecosystem protection, focusing on adaptation-specific features, rather than 'preservationist' conservation (e.g. improving the inter-connectedness of habitats to aid species migration; specific consideration in management plans of impacts and responses to climate extremes);
- (b) Maintenance of conservation flows in water allocation decisions;
- (c) Promotion of ecosystem-based adaptation, such as the preservation and use of wetlands for coastal protection and absorption and mitigation of flood waters.

## 2.2 Operational features

10. Four operational features stand out. First, reducing stress on ecosystems and using ecosystems as a form of adaptation requires specialist skills and a sound understanding of nature conservation and management. Second, knowledge of the interaction between ecosystem services, livelihoods and well-being is needed to help groups adapt where ecosystem services may be impaired. Third, coordination will be required with official conservation efforts and global ecosystem programmes, as a major way for ecosystems to adapt to climate change may be reduction of other types of stress. Fourth, the adaptation services of ecosystems should be identified and a systematic approach to maximizing co-benefits adopted.

## 2.3 Rationale

11. The rationale for an ecosystems and ecosystem-based adaptation result area is supported by a number of facts. Ecosystems provide a significant opportunity and are in great need of a paradigm-shift in the way they are managed, and their adaptation could have significant co-benefits, given the services they provide, including adaptation services. This result area is also a key country-driven priority, either through a direct focus on ecosystems, or indirectly as healthy ecosystems increase the resilience of other priority sectors, such as agriculture. Ecosystem-based adaptation is also an area of action where there are significant opportunities for low-regret projects. This is because such actions support healthy ecosystem functioning while also protecting other sectors from the hazards of climate change.

## 2.4 Performance indicators

12. Activities in this result area aim to have transformative sector impact on the following dimensions of the adaptation results management framework:

- (a) **Improved ecosystem adaptation.** The associated indicators are:
  - (i) Number; and
  - (ii) Area of habitats restored or protected by funded activities
- (b) **Climate change adaptation mainstreamed into governments and societies.** The associated indicators are:
  - (i) Perception of the timeliness, content, and reach of early warning systems
  - (ii) Quality of regulatory environment put in place by the government to enable civil society and private sector adaptive interventions

13. In addition, activities in this result area will be associated with **indicators on project and programme outcomes**. These will depend on the specific nature of an activity (e.g. the number and area of habitats restored or protected).

14. See document GCF/B.06/04 for further details.

### III. Additional result area: Climate-resilient infrastructure

#### 3.1 Summary

15. Adaptation activities under this result area will ensure that the infrastructure needs in developing countries (e.g. on energy, transport, water and communication) are met in a way that takes climate change risks into account.

##### Examples of possible activities in this result area

- (a) Institutional reform programmes with public and private infrastructure providers (e.g. highway departments, water utilities, power companies) to strengthen planning, decision-making and due diligence procedures so that climate change risks are factored into infrastructure decision making;
- (b) Anticipatory measures to climate-proof new infrastructure investments against future climate risks, e.g. by adjusting water supply designs or the location of roads;
- (c) Upgrading existing structures and providing, for example, strengthened refuges against high winds or high water, and reducing hazards by considering of the selection of building materials (e.g. whether to use iron roofing in cyclone/hurricane prone areas);
- (d) Comprehensive water management strategies for communities relying on glacial catchments for water supply, including demand-side measures (e.g. water efficiency) and supply-side alternatives;
- (e) Coastal protection strategies and zone management plans, including strategies to protect new and existing developments.

#### 3.2 Operational features

16. An important operational feature is the need to cover both institutional changes (e.g. the way infrastructure decisions are made) and physical adjustments to infrastructure design, with a likely emphasis on the former. A related matter is the need for capacity building, including the development of effective tools to deal with the large uncertainty over the future climate and prevent excessive costs and/or maladaptation.

17. Infrastructure adaptation is one of the most costly adaptation activities. It will require specialist skills to target adaptation support effectively and manage the costs, risks and exposure associated with infrastructure investments. This includes skills to engage with the private sector, which usually funds, builds and operates infrastructure.

18. There are potential overlaps with the result area on cities in the case of urban infrastructure. This result area is likely to focus on activities with infrastructure companies (e.g. municipal water utilities), while the cities result area engages municipal governments on broader urban challenges, including planning, emergency services and building regulation.

#### 3.3 Rationale

19. Infrastructure adaptation actions are estimated to have the greatest financing needs of all adaptation sectors, largely due to the high cost of infrastructure investments relative to other adaptation activities. As a result, the rationale for a climate-resilient infrastructure result area is primarily based on the need for transformational action that will avoid lock-in to infrastructure paths that could be costly to reverse or even threaten societies with expensive maladaptation.

### 3.4 Performance indicators

20. Activities in this result area aim to have transformative sector impact on the following dimensions of the adaptation results management framework:
- (a) **Climate-resilient infrastructure and built environment.** The associated indicators are:
    - (i) Value of infrastructure protected from rapid-onset events and slow-onset processes
    - (ii) Number of instances where infrastructure has been physically moved or built in less vulnerable locations
  - (b) **Climate change adaptation mainstreamed into governments and societies.** The associated indicators are:
    - (i) Perception of the timeliness, content, and reach of early warning systems
    - (ii) Quality of regulatory environment put in place by the government to enable civil society and private sector adaptive interventions
21. In addition, activities in this result area will be associated with ***indicators on project and programme outcomes***. These will depend on the specific nature of an activity (e.g. kilometres of storm sewers made more resistant to flood surges; number of reservoirs built or expanded for hydro power stations).
22. See document GCF/B.06/04 for further details.

## IV. Additional result area: People, health and well-being

### 4.1 Summary

23. The ultimate aim of all adaptation is to promote prosperity and reduce the vulnerability of people to climate change. This result area focuses on those activities that enhance human health and well-being directly, including for particular population groups such as women, in contrast to result areas that protect human activities or the environments in which people live and work. Climate change can affect health in a number of ways, including through extreme air temperatures and weather events and the potential spread of infectious diseases. Well-being describes a broader state of human flourishing, of which health is just an aspect. Climate change can affect a number of these aspects, such as gender, human mobility, cultural heritage and indigenous knowledge. The extent to which human mobility is a form of adaptation or a source of climate-related loss and damage is currently unclear. Either way, adaptation has a role, either in facilitating human mobility as a form of adaptation or providing activities that will minimize the loss and damage of climate-related human mobility.

#### Examples of possible activities in this result area

- (a) Roll-out of disease prevention programmes (e.g. reducing standing water and distribution of bed nets to counter malaria) into areas not currently affected by the disease but at risk under climate change;
- (b) Community-based programmes to protect cultural heritage (e.g. along coastlines) and exploit indigenous adaptation solutions;
- (c) Formation of community-based organisations to support the most vulnerable during weather extremes or evacuations.

## 4.2 Operational features

24. The people, health and well-being result area presents distinct operational challenges. Health adaptation actions are intricately linked with the general development of health systems, and therefore may have to be closely integrated with national health plans. Well-being adaptation activities face the challenge that many aspects of well-being are intangible and are therefore difficult to measure and target, while not being less important than adaptation activities with more tangible outcomes. There are potential overlaps with the community-based result area, since communities tend to have an important role in resilience to health and well-being problems, whether they are generated by climate change or otherwise.

## 4.3 Rationale

25. The rationale for a result area on people, health and well-being is primarily driven by the distinct operational challenges of adaptation actions in this area. These operational challenges mean that if adaptation actions for people, health and well-being are not considered in a separate result area, mechanisms to protect them may not be sufficiently developed. This may be especially true for well-being, given that many aspects of well-being are intangible. Therefore, a specific result area on people, health and well-being will ensure that these matters continue to be prioritized.

## 4.4 Performance indicators

26. Activities in this result area aim to have transformative sector impact on the following dimensions of the adaptation results management framework:

- (a) **Enhanced human health and well-being.** The associated indicators are:
  - (i) Perceptions of beneficiaries of their state of health
  - (ii) The level of climate-related risk to which they are vulnerable
- (b) **Climate change adaptation mainstreamed into governments and societies.** The associated indicators are:
  - (i) Perception of the timeliness, content, and reach of early warning systems
  - (ii) Quality of regulatory environment put in place by the government to enable civil society and private sector adaptive interventions

27. In addition, activities in this result area will be associated with ***indicators on project and programme outcomes***. These will depend on the specific nature of an activity (e.g. increased coverage of infectious disease prevention programmes, reducing climate-related vulnerabilities of women).

28. See document GCF/B.06/04 for further details.

## V. Additional result area: Approaches to risk-sharing and transfer

### 5.1 Summary

29. Risk sharing and transfer is a prominent and widely-used adaptation activity, employing both informal arrangements and formal insurance markets. This result area will promote the wider use of these techniques in response to growing climate risks, which will improve adaptive capacity.

**Examples of possible activities in this result area**

- (a) Micro-insurance programmes aimed at rural communities or other low-income risk groups;
- (b) Risk facilities to support governments affected by the financial needs of recovery and reconstruction, including liquidity guarantee systems, such as in the Caribbean, to allow a more immediate government response to disasters;
- (c) Disaster risk sharing mechanisms, including insurance solutions, for urban and rural areas;
- (d) Risk pools for regions/groups of countries;
- (e) Continued improvement in the readiness and coordination of 'first response' organizations;
- (f) Anticipatory recovery plans for regions regularly affected by cyclones or flooding that will rebuild with more resilient infrastructure and livelihoods.

## 5.2 Operational features

30. The main operational feature of risk sharing is that it requires specialist knowledge and good information about the risk profiles that are being underwritten. The insurance markets in developing countries are often underdeveloped and reliable risk information is lacking. Innovative approaches and constant learning will therefore be an important operational feature of this result area.

31. The private sector is both a consumer and provider of risk-sharing solutions, and engagement with the private sector will be a key feature of this result area. Coordination at the local, national and international (regional) levels will be important in engaging the private sector and to avoid crowding out private providers.

32. Risk sharing is also a component of the UNFCCC work programme on loss and damage, so there will be a need for co-ordination with this process.

## 5.3 Rationale

33. The rationale for a result area on approaches to risk sharing is primarily driven by the opportunity it provides for a paradigm shift in the way that vulnerable communities manage risk. Risk sharing is currently often informal and not necessarily practiced in areas of greatest risk, according to the Intergovernmental Panel on Climate Change (IPCC). The approach is also operationally unique, due to the skills required to implement successful risk-sharing adaptation actions. The approach also offers a significant opportunity for the Fund to leverage private funding.

## 5.4 Performance indicators

34. Activities in this result area aim to have transformative sector impact on the following dimensions of the adaptation results management framework:

- (a) **Enhanced agricultural and rural adaptation.** The associated indicators are:
  - (i) Number of food secure households
  - (ii) Mix of livelihood strategies/coping mechanisms
  - (iii) Comparison of yields between resilient and non-resilient crops
- (b) **Enhanced human health and well-being.** The associated indicators are:
  - (i) Perceptions of beneficiaries of their state of health
  - (ii) The level of climate-related risk to which they are vulnerable

- (c) **Climate change adaptation mainstreamed into governments and societies.** The associated indicators are:
- (i) Perception of the timeliness, content, and reach of early warning systems
  - (ii) Quality of regulatory environment put in place by the government to enable civil society and private sector adaptive interventions
35. In addition, activities in this result area will be associated with ***indicators on project and programme outcomes***. These will depend on the specific nature of an activity (e.g. the number of people/households/firms with insurance protection against climate-related events; uptake of safety nets and weather-index insurance).
36. See document GCF/B.06/04 for further details.
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