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Approach and scope for providing support to adaptation activities

Summary

This document outlines the status review of GCF's support in adaptation activities and puts forward a set of guiding approaches and next steps to enhance quality project/programme development. The findings call for GCF to focus in particular on a) strategic engagement with accredited entities to improve climate rationale in adaptation projects and programmes submitted to the GCF; b) in-depth guidance and improvement in review criteria of project preparation, national adaptation plans and other readiness support to enhance climate rationale in project pipelines; c) incremental and full cost calculation development; d) further development of adaptation performance measurement frameworks; and e) opportunities to increase private sector engagement in adaptation to complement recommendations of the Private Sector Advisory Group on private sector engagement in adaptation.

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I. Background

1. At its seventeenth meeting, in its decision B.17/10, paragraph (c) (ii), the Board requested the Secretariat to develop a proposal for the Board's consideration, taking into account best practices from other multilateral funds and other approaches, to develop guidance on the approach and scope for providing support to adaptation activities.
2. In response, the Secretariat undertook a number of activities to collect information, insights, experience and good practices from various stakeholders.
3. Firstly, in order to identify adaptation financing gaps and priorities in global climate adaptation finance landscape, the Secretariat commissioned the World Resources Institute (WRI) to support in the conduct of a preliminary study to analyse the portfolio balance and investment priorities of the GCF to support adaptation activities. A summary of the findings can be found in annex III to this document.
4. Building on this, the Secretariat organized a two-day technical expert workshop on 5 and 6 March 2018, in Songdo, Republic of Korea, to collect expert views on climate adaptation practices and approaches to adaptation finance. A summary of the workshop findings can be found in annex I to this document.
5. Additionally, the Secretariat organized a session at the Adaptation Futures 2018, held on 18-21 June 2018, in Cape Town, South Africa, to engage a wider range of stakeholders, including direct access entities (DAEs) and national designated authorities (NDAs), in the discussion. The session findings can be found in annex II to this document.
6. This document aims to respond to the above request referred to in paragraph 1 above by presenting the Secretariat's findings on adaptation needs and gaps where GCF could concentrate its efforts to support adaptation responses with strong climate rationale.
7. Taking into consideration that many elements of the Secretariat's findings are related to other policy matters presented to the Board at its twenty-first meeting (B.21) and onwards, this document takes the proactive approach of relaying relevant recommendations to other policy matters for action as needed. In this context, this document is presented as an information only document, with all relevant action items considered elsewhere. The matrix of action items identified policy matters related is presented in section V below.

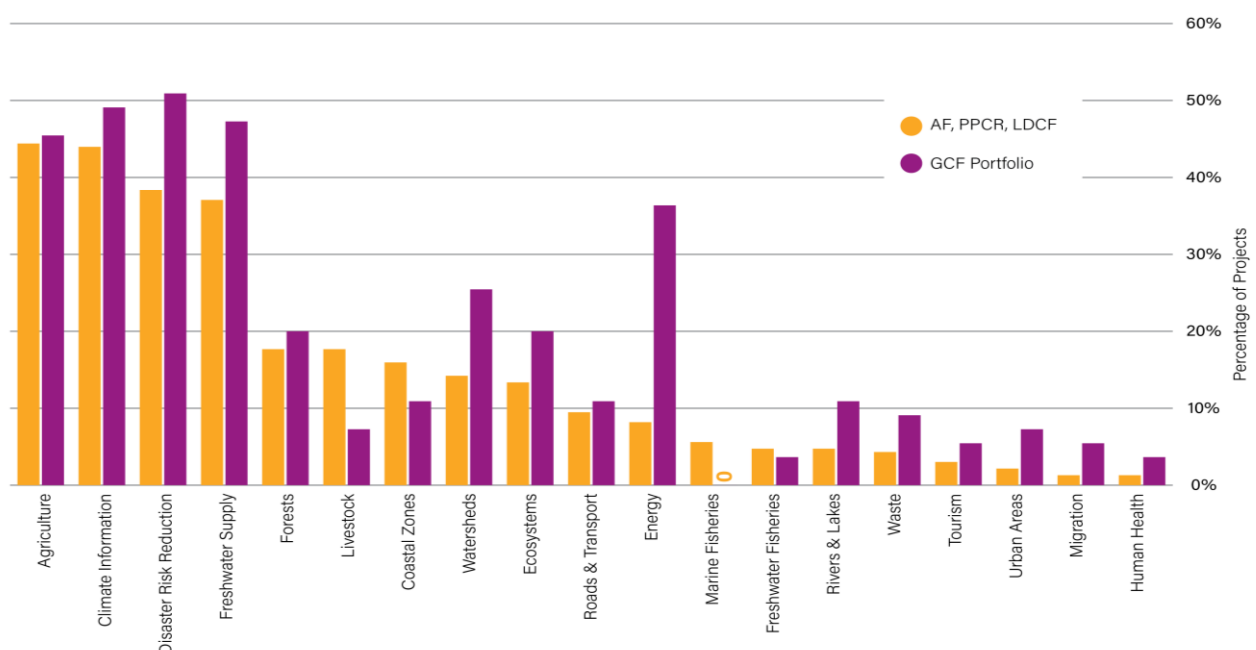
II. Comparative analysis of the GCF adaptation portfolio

2.1 Status of the GCF adaptation portfolio in the adaptation finance landscape

8. As at B.21, there are 55 approved funding proposals that are targeting adaptation-related results areas, of which 37 are categorized as adaptation and 18 as cross-cutting. The total GCF committed funding targeting adaptation results areas is estimated to be around USD 1.4 billion. In grant equivalent terms, funding allocation to adaptation accounts for 61 per cent of the total GCF portfolio, of which 70 per cent are targeting the least developed countries (LDCs), small island developing States (SIDS), and/or African States.
9. When compared with the financing trends of other multilateral climate funds including the Adaptation Fund (AF), the Least Developed Countries' Fund (LDCF), and the Pilot Program for Climate Resilience (PPCR) of the Climate Investment Funds (CIF), the **GCF adaptation portfolio shows broadly similar trends in terms of sectors and activities supported as**

well as the geographic distribution of funds.¹ As shown in figure 1 below, projects targeting agriculture, climate information, disaster risk reduction and freshwater supply display the highest share of the sector-specific focus areas of the AF, LDCF and PPCR. These sector-specific projects also show the largest share in the GCF adaptation portfolio. Energy shows a high concentration in the GCF adaptation portfolio owing to the number of cross-cutting projects targeting energy-related mitigation results areas. Livestock is comparatively low. Marine fisheries, fresh fisheries, waste, tourism, urban areas, migration and human health (and well-being) are the sectors where concentrations were less than 6 per cent in portfolios of both GCF and other multilateral climate funds. In terms of regional distribution, most projects are concentrated in Asia-Pacific and Africa. This may be owing to the relatively high number of vulnerable countries in these two regions.

Figure 1: Focus area concentrations – comparing portfolios of the climate funds^a



Source: WRI analysis of AF, PPCR, and LDCF projects (232), and adaptation and cross-cutting projects in the GCF portfolio (55 as of April 2018).

^a Typology of the focus areas is based on the typology of adaptation actions developed by the International Institute for Sustainable Development (IISD) for the Adaptation Partnership with minor modifications made by WRI for this work.

10. It was identified that all 55 GCF approved funding proposals and nearly 98 per cent of the AF, LDCF, and PPCR projects reviewed² contained activities in one or more of the following areas: project preparation and planning, governance, capacity-building, and knowledge management. The WRI study findings suggest that adaptation activities funded by GCF and other climate funds include a range of technologies, many of which are not new, to reduce vulnerabilities to climate change. The innovation mostly resides in transferring, adjusting, disseminating and scaling these in places and to populations that previously lacked access to such technologies, and combining hardware with good planning, institutional capacity-building, training, and other soft- and org-ware. These are, in most cases, addressing means to close the adaptation technology gaps identified by the country's needs assessments,³ where dissemination and uptakes of critical available technology were identified as the key obstacles.

¹ The comparisons show concentrations per sector by number of projects.

² The review included 232 projects from the AF, LDCF, and PPCR.

³ United Nations Environment Programme (UNEP), 2014. *The Adaptation Gap Report: A Preliminary Assessment*.

2.2 Country drivenness of GCF adaptation activities

11. A project-level review of the GCF adaptation portfolio and pipeline together with Nationally Determined Contributions (NDCs) and country programmes/briefs is summarized in table 1. The review finding indicates that **GCF's adaptation activities generally align with the sectoral priorities outlined in these two strategic documents**. Agriculture is ranked as the top priority sector in all three: NDCs,⁴ country programmes/briefs⁵ and the project activities. Freshwater supply, disaster risk reduction, and ecosystems are ranked among the top five sectors in NDCs, country programmes/briefs and the GCF portfolio and pipeline. Climate information is shown as a highly focused area for GCF, ranked the first in the GCF portfolio and pipeline, possibly owing to its contribution to mainstreaming climate change into national policies and strategies.

12. **Notably, health and well-being are underrepresented in both country programmes/briefs and the GCF portfolio and pipeline.** WRI's findings indicate that more than 50 per cent of the NDCs submitted identify health as a priority focus area, whereas only around a tenth of country programmes/briefs and only five projects in the GCF portfolio and pipeline include health-related activities. This may be owing to health being indirectly impacted by climate change, e.g., through vectors, water and food supply for adaptation requirements, and/or air pollution sources for mitigation measures in energy, urban areas and sanitation. However, climate change impacts on health and well-being can range from excess heat-related morbidity and mortality to degraded labour conditions and forced migration.⁶ A multisectoral approach taking account of mid-to-long term effects of climate-induced changes or shocks to the resilience of health systems and well-being can be explored further.

13. **Marine fisheries is another sector underrepresented in the GCF portfolio and pipeline.** For GCF, many proposals addressing coastal resilience are heavily concentrated on building resilient infrastructure and provision of early warning systems (EWS). Considering the negative impacts of increases in ocean temperature and acidification on the abundance and spatial distribution of marine species, efforts to examine the mistranslations from country programmes/briefs to project origination may be necessary.

Table 1: Concentrations of sector-specific focus areas compared with NDCs^{a, b}

| Sector-specific focus area | NDC ranking based on % of NDCs referencing focus area | Focus areas in GCF Country Programmes/Briefs | | Focus areas referenced in GCF portfolio and pipeline | | |
|----------------------------|---|--|---------------------------|--|--------------------------|------------------------------------|
| | | Ranking | Rank difference with NDCs | Ranking | Rank difference with NDC | Rank difference with Country Brief |
| Agriculture | 1 | 1 | 0 | 1 | 0 | 0 |
| Freshwater supply | 2 | 3 | -1 | 3 | -1 | 0 |
| Disaster risk reduction | 3 | 3 | 0 | 4 | -1 | -1 |
| Ecosystems | 4 | 3 | 1 | 5 | -1 | -2 |
| Human health | 5 | 12 | -7 | 15 | -10 | -3 |
| Forests | 6 | 2 | 4 | 8 | -2 | -6 |
| Coastal zones | 6 | 6 | 0 | 11 | -5 | -5 |

⁴ As at the time of review, 137 NDCs were identified as having adaptation components.

⁵ As at the time of review, 11 out of 52 country programmes/briefs identified or separated out adaptation-specific priorities.

⁶ World Health Organization (WHO), 2015. *Operational framework for building climate resilient health systems*.

| Sector-specific focus area | NDC ranking based on % of NDCs referencing focus area | Focus areas in GCF Country Programmes/Briefs | | Focus areas referenced in GCF portfolio and pipeline | | |
|----------------------------|---|--|---------------------------|--|--------------------------|------------------------------------|
| | | Ranking | Rank difference with NDCs | Ranking | Rank difference with NDC | Rank difference with Country Brief |
| Climate information | 8 | 7 | 1 | 1 | 7 | 6 |
| Livestock | 9 | 13 | -4 | 9 | 0 | 4 |
| Watersheds | 10 | 7 | 3 | 6 | 4 | 1 |
| Marine fisheries | 10 | 7 | 3 | 16 | -6 | -9 |
| Energy | 12 | 14 | -2 | 6 | 6 | 8 |
| Roads & transport | 13 | 16 | -3 | 10 | 3 | 6 |
| Tourism | 14 | 15 | -1 | 16 | -2 | -1 |
| Urban areas | 15 | 7 | 8 | 12 | 3 | -5 |
| Waste | 16 | 16 | 0 | 14 | 2 | 2 |
| Freshwater fisheries | 17 | 18 | -1 | 16 | 1 | 2 |
| Migration | 18 | 18 | 0 | 19 | -1 | -1 |
| Rivers & lakes | 19 | 11 | 8 | 13 | 6 | -2 |

Abbreviations: NDCs=National Determined Contributions

Source: WRI

^a Highlights indicate a differential of five points or more: orange indicates that fund rankings are lower than NDCs and blue indicates that fund rankings are higher.

^b The ranks are assigned to each focus area based on the percentage of NDCs, country programmes/briefs, and GCF proposals that include a given focus.

14. **Another area of significant divergence between NDCs and GCF country programmes/briefs is urban areas.** Country programmes/briefs display a higher level of interest in this sector, which is not translated into projects submitted to GCF. In document GCF/B.09/06 titled “Analysis of the Expected Role and Impact of the Green Climate Fund”, climate-resilient cities, in fact, was identified as one of the priority areas of GCF where such efforts could deliver impacts in both mitigation and adaptation results areas. The Secretariat finds that, given its cross-cutting nature, urban is an area where synergies can be sought across sectors and the impact of results can be maximized by strengthening the resilience of urban infrastructure while reducing associated emissions. Opportunities in this sector including potential partnerships with national governments to promote access to finance and crowding-in the private sector to maximize impacts are further described in document GCF/B.21/Inf.04 titled “Identification of results areas where targeted GCF investment would have the most impact”.

2.3 Bridging the gap: identifying the missing middle

15. For many countries, adaptation is a priority in their NDCs, yet the adaptation priorities identified vary in detail and approach. Some identified priority sectors or sectoral goals, whereas others outlined specific interventions within different sectors. The finding suggests that it is unclear if each NDC reflects the totality of a country’s adaptation priorities as NDCs, in most cases, are serving as a communication document rather than an investment plan.

16. Supporting the countries to translate their high-level goals into project origination is identified as an area where the GCF could enhance its support. Existing national adaptation planning processes, such as the National Adaptation Plans (NAPs), can be used to move towards

a more programmatic and integrated approach, and at the same time, improve project proposal planning. Adaptation planning could provide strategic support to sectoral priorities identified in country programmes.

17. Currently, GCF supports formulation of NAPs and/or other adaptation planning processes through the Readiness and Preparatory Support programme. The Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC), in decision 1/CP.21, paragraph 46, requested the GCF Board to expedite support for the LDCs and other developing countries for the formulation of NAPs, consistent with decisions 1/CP.16 and 5/CP.17, and for the subsequent implementation of policies, projects and programmes identified by them. In response to this guidance, through decision B.13/09, the GCF Board decided to expedite support for developing countries for the formulation of NAPs and/or other adaptation planning processes, consistent with decisions 1/CP.16, 5/CP.17 and 1/CP.21, paragraph 46. The Board also invited NDAs and focal points to collaborate with readiness delivery partners and accredited entities (AEs) to submit requests for support to formulate their NAPs and/or other adaptation planning processes.

18. As of 31 July 2018, the Secretariat had approved 19 adaptation planning proposals from the following countries: Antigua and Barbuda, Argentina, Armenia, Bangladesh, Bosnia and Herzegovina, Colombia, Democratic Republic of Congo, Dominican Republic, Ecuador, eSwatini (formerly Swaziland), Kenya, Liberia, Mauritania, Mongolia, Nepal, Niger, Pakistan, Uruguay, and Zimbabwe). At this time, NAP proposals were also under review and resubmission by NDAs from the following other 36 countries: Albania, Benin, Bhutan, Cameroon, Chad, Costa Rica, Cote d'Ivoire, Commonwealth of Dominica, Egypt, El Salvador, Gabon, Ghana, Guatemala, Haiti, Honduras, Iraq, Kyrgyz Republic, Lesotho, Madagascar, Malawi, Mali, Mauritius, Mexico, Montenegro, Myanmar, Nigeria, Oman, Papua New Guinea, Serbia, Seychelles, Somalia, South Sudan, Sudan, United Republic of Tanzania, Uganda, and Uzbekistan.

19. The initial analysis of the 55 adaptation planning proposals indicates that agriculture, food security, and water challenges are most commonly listed as highest priority sectors, followed by health, ecosystem services, tourism and forests. Moreover, most proposals include a component on climate information to understand vulnerabilities and risks, which are key elements of climate rationale. All approved adaptation planning proposals also include activities on designing project concepts for larger scale funding to the GCF and other sources.

20. Review criteria applied for each adaptation planning proposal, and a set of associated good practices for each criterion, are also detailed in Annex III of the Readiness and Preparatory Support Programme Guidebook. These review criteria include: i) strategic focus of the proposal within a national vision; ii) plan to address specific vulnerabilities and climate impacts; iii) adaptation financing strategy; iv) theory of change; v) avoidance of duplication of efforts; vi) stakeholder engagement; vii) gender considerations; viii) private sector investment strategy; ix) monitoring and evaluation; and x) coherence and complementarity with other multilateral climate funds.

21. To achieve alignment of all GCF programming elements for adaptation, support for the formulation of NAP processes could build directly on priorities articulated in Country Programmes and provide resources to help countries (i) address climate information gaps for assessing targeted vulnerabilities and risks; (ii) involve a range of stakeholders in adaptation planning including engagement of private sector actors; (iii) identify and design most appropriate adaptation solutions and project pipelines; and (iv) design a range of blended financing options to address priorities through project pipelines.

22. Outcomes that can be supported by adaptation planning support under the Readiness and Preparatory Support Programme include the following.

(a) Adaptation planning governance and coordination established:

- (i) National mandate and strategy for adaptation planning processes developed;
- (ii) Institutional arrangements to support adaptation planning processes in place;
- (iii) Stakeholder engagement process(es) designed to ensure a wide range of stakeholders engaged (i.e., governments, private sector, associations, civil society, academia and others);
- (iv) Mechanism for regularly reviewing and updating adaptation plans in place;
- (b) Climate vulnerability and adaptation investment rationale strengthened:
 - (i) Information on climate change impacts and associated vulnerabilities analysed, strengthened and shared at sub-national, national and/or sectoral levels;
 - (ii) Barriers to addressing climate change vulnerabilities to climate impacts identified and prioritised at sub-national, national and/or sectoral levels;
 - (iii) Adaptation solutions for addressing prioritised barriers to addressing climate vulnerabilities identified and actions prioritised at sub-national, national and/or sectoral levels;
 - (iv) Methods and frameworks refined for the national context for analysing impacts and vulnerabilities, and prioritizing adaptation solutions at sub-national, national and/or sectoral levels;
- (c) Adaptation knowledge management, information sharing, and communication enhanced:
 - (i) Systems developed for gathering, organizing and updating relevant data and information on adaptation;
 - (ii) Relevance, progress and outputs of adaptation planning communicated to stakeholders based on a developed adaptation strategy;
 - (iii) Climate information at appropriate scales and timeframe and in accessible forms for successful communication with key public and private sector actors;
 - (iv) Methods and frameworks established for producing and using socio-economic and environmental information for adaptation planning and investment;
- (d) Alignment of country's overall development policy and strategy:
 - (i) Adaptation actions/measures integrated into national, sectoral or sub-national development strategies, plans and budgets;
 - (ii) National, sectoral or sub-national adaptation strategies and/or plans produced, validated and/or published;
 - (iii) Implementation strategies for adaptation developed at national, sectoral and/or subnational levels;
 - (iv) Transparent mechanism established to help create an enabling environment for sectoral or sub-national actors to access adaptation finance established;
- (e) Adaptation finance strategy developed:
 - (i) Financing plans for prioritised adaptation actions (including blending and timing of different sources of public, private, domestic and international finance);
 - (ii) GCF country programme linked to adaptation finance action plan;
 - (iii) Concept notes developed for adaptation priorities developed;
 - (iv) Dialogue with potential financiers for adaptation priorities undertaken;

- (f) Monitoring, evaluation, and learning capacity and system developed:
 - (i) Monitoring and evaluation framework or system for the adaptation planning process and its effectiveness established;
 - (ii) Metrics/indicators and methods for monitoring the adaptation planning process and/or adaptation outcomes defined; and
 - (iii) Options for systematically gathering lessons and integrating them into future iterations of the adaptation planning process identified.

III. Existing approaches to adaptation activities

23. As identified in the comparative analysis of portfolios, almost all supporting activities of the multilateral climate funds including GCF include non-sectoral support in project preparation and planning, governance, capacity-building, and/or knowledge management. There is also a need to create a bridge where the countries can translate adaptation needs into the development of concrete project proposals. **A major challenge that GCF faced was that the frequent debates as to whether an adaptation project should be classified as a development or an adaptation project, increasing the need for granularity to understand what defines adaptation activities.** As noted in document GCF/B.17/18 titled “Review of the initial proposal approval process”, Board members have expressed concern at the low quality of funding proposals, particularly in terms of their potential for climate impact, which, in certain cases, was not sufficiently developed or well connected to the proposed activities. **Several Board members expressed concern that the climate-related objectives of certain projects were not sufficiently clear, particularly in the case of adaptation projects.**

24. To address above concerns, this section outlines other multilateral climate funds’ approaches and reasoning to adaptation projects, followed by the approach of accredited entities when designing adaptation projects for submission to GCF.

3.1 Multilateral climate funds

3.1.1. Global Environment Facility

25. The approach of the Global Environment Facility (GEF) to adaptation is based on the fundamental recognition that climate change can potentially affect all aspects of human, social and economic development.⁷ The GEF seeks to strengthen institutional capacity by integrating adaptation into broader policies, plans and processes. There are 10 types of climate adaptation action financed by the GEF:⁸

- (a) **Capacity building** by developing human resources, institutions and communities, and equipping them with the capability to adapt to climate change;
- (b) **Management and planning** by incorporating understanding of climate science, impacts, vulnerability, and risk in government and institutional planning and management;
- (c) **Practice and behaviour** in which practices and on-the-ground behaviour directly related to building resilience are revised or expanded;

⁷ GEF, 2014. *GEF Programming Strategy on Adaptation to Climate Change for the Least Developed Countries Fund and the Special Climate Change Fund*. GEF document GEF/LDCF.SCCF.16/03/Rev.01.

⁸ GEF. *Time to Adapt: Insights from the Global Environment Facility’s Experience in Adaptation to Climate Change*, table 2.

- (d) **Policy** to support the creation of new policies or revisions of policies or regulations to allow flexibility to adapt to climate change;
- (e) **Information** to communicate and build resilience toward climate impacts;
- (f) **Physical infrastructure** including any new or improved hard physical infrastructure aimed at providing direct or indirect protection from climate hazards;
- (g) **Warning or observing systems** with implementation of new or enhanced tools and technologies for communicating weather and climate risks, and for monitoring changes in the climate system;
- (h) **Green infrastructure** including any new or improved soft, natural infrastructure aimed at providing direct or indirect protection from climate hazards;
- (i) **Financing** or insurance strategies to prepare for future climate disturbances; and
- (j) **Technology** to develop or expand climate-resilient technologies.

26. GEF, through LDCF and the Special Climate Change Fund (SCCF), invests considerably in institutional capacity-building and policy reform for climate change adaptation. The 2014-2018 GEF Programming Strategy on Adaptation to Climate Change for the LDCF and the SCCF (GEF/LDCF.SCCF.16/03) introduces a revised results-based management (RBM) framework for the GEF Adaptation Program, structured around three objectives:

- (a) To reduce the vulnerability of people, livelihoods, physical assets and natural systems to the adverse effects of climate change;
- (b) To strengthen institutional and technical capacities for effective climate change adaptation; and
- (c) To integrate climate change adaptation into relevant policies, plans and associated processes.

27. GEF also urges that a scientifically credible approach be taken in projects submitted to assess climate change vulnerability, identify adaptation measures and integrate them into policy planning.⁹ It further outlines a two-step approach where the projects will need to address critical vulnerabilities identified in the vulnerability and adaptation assessments, supported under initial and subsequent national communications or in relevant International Waters issue analysis and priority setting processes where climate vulnerability emerges as a priority. Secondly, projects will have to demonstrate that they have been prepared in a manner that is consistent with accepted methodologies for assessing vulnerability and planning adaptation.

3.1.2. Adaptation fund

28. AF finances concrete adaptation projects and programmes, defined as a set of activities aimed at addressing the adverse impacts of risks posed by climate change. These activities seek to produce visible and tangible results by reducing vulnerability and increasing the adaptive capacity of human and natural systems to respond to the impacts of climate change.¹⁰

29. In assessing project and programme proposals, the AF Board pays particular attention to:¹¹

⁹ GEF, 2005. C.27.Inf.10. Operational Guidelines for the Strategic Priority “*Piloting an Operational Approach to Adaptation*” (SPA). GEF document GEF/C.27/Inf.10.

¹⁰ Adaptation Fund Board, 2017. *Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund*, para. 10.

¹¹ Adaptation Fund Board. *Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund. Annex 1, Strategic Priorities, Policies, and Guidelines of the Adaptation Fund Adopted by the CMP.*

- (a) Consistency with national sustainable development strategies, including, where appropriate, national development plans, poverty reduction strategies, national communications and national adaptation programmes of action (NAPAs) and other relevant instruments, where they exist;
- (b) Economic, social and environmental benefits from the projects;
- (c) Meeting national technical standards, where applicable;
- (d) Cost-effectiveness of projects and programmes;
- (e) Arrangements for management, including for financial and risk management;
- (f) Arrangements for monitoring and evaluation and impact assessment;
- (g) Avoiding duplication with other funding sources for adaptation for the same project activity; and
- (h) Moving towards a programmatic approach, where appropriate.

30. The AF approach demonstrates that concrete adaptation activities are the focus, yet they are supported by efforts to strengthen the enabling environment. This ‘entire pipeline’ approach encompasses both aspects necessary for successful adaptation, with direct activities benefitting vulnerable groups and an environment that allows such activities to be implemented. In this manner, there are direct beneficiaries of the financed activities, in addition to co-benefits from the activities undertaken to strengthen the enabling environment that are advantageous for groups outside of the target communities.¹²

3.1.3. Pilot Program for Climate Resilience of the Climate Investment Funds

31. Multi-stakeholder engagement is central to the development and implementation of PPCR strategic programmes for climate resilience. State and non-state stakeholder groups in PPCR countries participate in an annual scoring workshop to assess progress on projects approved by multilateral development banks (MDBs). A comprehensive knowledge management and learning process is also being undertaken using a range of approaches, such as regional and country-to-country dialogue with evidence-based evaluation. This effort helps PPCR countries improve results and promotes efficiency and good practices across the PPCR programme.

32. PCCR projects have so far supported countries in the following ways:

- (a) Mainstream adaptation and climate resilience in development planning and sector plans;
- (b) Improve capacity to make use of climate data and information for planning and decision-making;
- (c) Develop tools and models for climate risk assessments;
- (d) Implement climate-smart agriculture and natural resources management approaches; and
- (e) Integrate adaptation measures in infrastructure design, particularly in the transport, water, and energy sectors.

3.2 Accredited entities

¹² Adaptation Fund Board. 2015. *Analysis of Climate Change Adaptation Reasoning in Project and Programme Proposals Approved by the Board.*

33. To identify the accredited entities' approach to designing adaptation activities for submission to GCF, stakeholder interview was conducted with a sample of entities as shown in table 2.

Table 2: Summary of approaches to designing projects submitted to GCF by types of entity

| Type of Entity | Approach to project origination |
|---------------------------|--|
| National ministry example | The country had developed a climate-resilient development strategy, using an inter-ministerial process. Based on this strategy, NDC, and NAP, the NDA sought project ideas from relevant ministries for a given sector. NDA/NIE appraised ideas using a set of detailed indicators (for each sector). They act as a hub and review all projects for international finance, including determining which projects to take to the GCF. Among other factors, it looked at sectoral equity, regional distribution, and level of integration |
| Private entity example | The entity had experience investing in resilience (more generally) and saw the increasing impact of climate change on societies and environments. There was recognition that addressing climate impacts is essential for building resilience, and that it needed to design investments to integrate its development work with climate solutions. It sought strategic engagement with GCF to invest in these efforts to serve as an anchor investor and attract other investors |
| National fund example | On the basis of the existing national climate change strategy and action plan, the NDA issued a public call for concept notes specifically to take to the GCF. The NDA short listed a set of concepts in priority sectors, which they sent to the accredited entity for further prioritization. Concepts were prioritized primarily on the basis of alignment with national plans and processes, size of projects (leaned toward smaller projects), and degree of vulnerability of communities. <u>Once a project had been chosen, entity moved forward with project development</u> |
| UN agency example | The entity engages with the country in the context of the entire UN development system. Climate change is an entry point because it exacerbates underlying drivers of vulnerability. GCF is a source of finance among several, and countries have multiple priorities, both short- and long-term. There is recognition that GCF has different possibilities given its focus on climate change, scale, and range of instruments. But ultimately, the entity is guided by what the country identifies as its needs in adaptation (based on national plans etc.) and works from there |
| MDB example | The entity works with a country on the basis of a country strategy that is developed prior to identification of projects. Identification of projects is guided by the country strategy as well as other national climate/development planning documents. (Origination is not static in that it is possible for either the country or the entity to raise a project idea.) A country focal point determines which projects move forward. The entity has a technical focal point to coordinate with other teams to make sure projects meet GCF requirements |

Abbreviation: NDCs=National Determined Contributions, NAP= National Adaptation Plan, NDA=National Designated Authority, NIE=National Implementing Entities, UN=United Nations, MDB=Multilateral Development Bank.
Source: WRI.

34. **Such varying approaches of the AEs in adaptation project design do not necessarily indicate any direct linkages associated with project quality submitted to GCF.** However, it raises a fundamental question of the added-value of GCF in financing climate adaptation activities. Irrespective of the AE's business model in project design, it is **important for GCF to consider projects with strong climate rationale and cost justifications pertaining to its mandate to promote the paradigm shift towards low-emission and climate-resilient development pathways as stated in its Governing Instrument.**

35. However, the lack of robust climate rationale at project level have been identified, revealing the need to support countries to design quality activities with stronger climate rationale. **In many cases, the Secretariat's feedback to the first and subsequent proposals submitted to GCF for review addresses the weak climate rationale in the proposed intervention in the targeted region.** The Secretariat's desk review of the feedback provided to

AEs in the review of first and subsequent proposals submitted to GCF indicates that almost all feedback requests further elaboration of direct causal linkages between climate change and proposed interventions, underlining baseline, vulnerability and risks.

Table 3: Review of Secretariat’s early feedback

| | No. Feedback provided (% of projects) | Examples |
|--|--|---|
| Climate projections /scenarios | 9 (18) | "Please strengthen the justification based on scientific evidence on the impact projections for the upcoming years" "Identify underlying problems that affect communities independently from climate change (baseline) and highlight how climate change pose new risks or exacerbate the existing problems" "Clearly indicate the estimated impacts in terms of damages from climatic events or the projected impacts" |
| Baseline, vulnerability and risks | 28 (56) | "Provide reference on the data on disaster losses and study the associated the change in rainfall amounts to climate changes." "More information and clarifications would be helpful to ascertain the real impact of climate change in the region: Are normal tropical weather patterns (e.g., El Niño and La Niña especially) more at play in affecting water availability? Is it due to a lack of data?" "Explain if risk assessments in all target areas have been conducted and are the different housing designs adapted to projected climate change in the different areas" "Please include main findings of the feasibility study in describing the project’s baseline, in general and with regards to climate change in particular" "There is scope to strengthen this argument or rationale even more by plugging in more information/statistics on, for example, the state of household – level food insecurity including that of food insecurity among vulnerable female – headed/widowed households, and the state of energy and water security at the household level" |
| Intervention options | 18 (36) | "Provide information on the sustainability of the intervention in the climate change scenario considered" "There are a number of investments that are attributed to climate change in the proposal. However, it is not clear that all would generate climate benefits" "The project does not seem to demonstrate clearly how the infrastructure will be adaptive to climate change" "We suggest that the project addresses the issue of potential maladaptation, including through monitoring the outcomes of the project and farmer responses in the use of their generated income, use of water, fertilizer, crops and varieties, etc." |
| Linkages to larger framework | 8 (16) | "How will the project interventions fit into the existing frameworks?" "Given the mandate of the Fund to serve the Paris Agreement, you might wish to present a more succinct overview of the policy context with a focus on how this project supports and aligns, first, with the priorities set by NDC, NAPAs or NAP, if applicable, national communication on climate change and, then, how it supports the sector" "Please provide specific reference of the NDC that the project will address. How does it support the NAP/NAPA processes?" "Project design should demonstrate how well it is aligned with the (GFCS) and also beyond addressing the national development |

| | No. Feedback provided (% of projects) | Examples |
|--|--|--|
| | | strategies, it will also address the relevant issues of the Paris agreement, Sendai framework and the sustainable development goals" |

36. The lack of robust climate information at the project level, especially on gaps and insufficiency, for adaptation proposals is also noted in document GCF/B.21/Inf.04 titled, "Identification of results areas where targeted GCF investment would have the most impact". Often, inadequate climate rationale is linked with lack of institutional capacity in countries, to identify vulnerability and uncertainty at all levels, to integrate climate information into existing plans and to generating local data. Possible measures to be taken by the Secretariat to support the NDAs, AEs and other GCF delivery partners to enhance climate rationale is further described in the following section.

IV. Supporting adaptation activities

37. During the fifteenth and sixteenth meetings of the Board, Board members engaged in discourse in defining a "transformational" adaptation project. On many occasions, Board members shared diverging views on the climate/development nexus when considering funding proposals submitted with adaptation objectives. Additionally, a number of Board members urged the GCF to prioritize projects with a large potential climate impact.^{13 14}

38. The ambiguity, and often competing concepts, of transformational adaptation is a challenge face in climate adaptation finance space. Although GCF also does not define paradigm shift, the paradigm shift potential in its investment criteria looks at the replicability, knowledge sharing, creation of enabling environment and contribution to climate resilient development pathways. The level of conceptual flexibility, however, poses fundamental questions to GCF: What is and is not being funded, and what can GCF provide its support that others can't?

39. The discussion on identifying the definition of "transformational adaptation activities" was also taken at the Technical Expert Workshop on Climate Adaptation Finance organized by the GCF Secretariat in March 2018. The converging opinion of the participants was that a set of principles and clearer guidance are needed to carry this issue forward, yet it should be contextualized locally and should not be an indicative list of activities. Given that adaptation is a response to specific climate risks and impacts, which are often local in nature and variable over time, it is important for the principles and guidance to remain flexible while harmonized with the UNFCCC and other existing frameworks and guidance for ease of implementation. The participants also noted that shifting towards a more systematic approach to designing adaptation actions is necessary. It was also recognized that building on better practices that consider forecasting, timescales, financial innovations, policy and regulatory frameworks, as well as human and institutional capacity, as part of an iterative adaptation planning process is critical.

40. Support to create enabling environment was highly emphasized as a focus area that could lead transformational adaptation actions. It may be important to identify and invest on enablers for adaptation actions as they are often not the first tier of actions. Coupled with policy and regulatory barriers, lack of information and capacity to measure and translate known climate risks into business affects investment decisions. The needs to overcome policy and regulatory barriers, including those identified in document GCF B.17/03 titled "Analysis of

¹³ Document GCF/B.15/25

¹⁴ Document GCF/B.16/24

barriers to crowding-in and maximizing the engagement of the private sector, including Private Sector Advisory Group recommendations”, were shared and reiterated by many participants.

41. Taking note of the above findings, the following section presents areas for further development where GCF can consider its efforts to enhance the quality of adaptation projects.

4.1 Enhancing climate rationale

42. **Many developing countries lack observational data, and overcoming data gaps is one of the biggest challenges identified in building adaptation logic and theory of change in projects.** There is a significant lack of capacity in applying information analysis, transferring skills to the national level, generating local data, integrating climate information into existing plans and finally, putting all these into high-quality proposals. The Capacity Building Initiative for Transparency (CBIT) under the GEF and the Readiness and Preparatory Support Programme (Readiness Programme) under the GCF are helping to fill these gaps, yet the challenges remain.

43. The document GCF/B.21/Inf.XX titled “Steps to enhance the climate rationale of GCF-supported activities” (under preparation) notes that articulation of climate rationale by key institutions including the Intergovernmental Panel on Climate Change (IPCC) and climate finance institutions has broadly incorporated three main phases: a) establishing credible climate science and evidence, robust assessment of exposure, impacts, vulnerability and disaster risks in the context of adaptation as well as accurate determination of greenhouse gas emission trajectories, their sources and assessment of effective mitigation options with best practical abatement potential; b) developing of a set of optimal interventions that collectively and comprehensively addresses underlying climate risks and maximizes sustainable development benefits, and c) integrating interventions into the broader national and international policy and decision-making processes for long-term low-emission and climate resilient development to meet the commitments under the UNFCCC and related other global agenda. The document also outlines the following elements that constitute sufficient climate rationale for adaptation, which should accordingly be articulated in all funding proposals submitted to the GCF: (i) climate impacts the project/programme aims to address; (ii) vulnerabilities, exposure and hazards resulting in risks; (iii) prioritized interventions for addressing barriers based on a multi-criteria analysis of options; and (iv) integration into broader domestic and international policy and decision-making processes.

44. The Fifth IPCC Assessment Report provides qualitative expressions and quantitative measures to rank the degree of confidence in the science and evidence for establishing the case for climate rationale. This can inform the development of the first part of the integrated policy approach and related tools and methods, including concessionality, additionality, full cost and grant equivalent calculations.

45. In addition, major climate funds, bilateral actors, MDBs and numerous other providers of climate finance use guiding questions to assess the robustness of climate rationale particularly in adaptation projects. These include questions on climate change risks, impacts, and vulnerabilities, project/programme design considerations, governance context and project/programme cost.

46. **To enable countries to improve the use of existing data in order to enhance climate rationale and develop climate adaptation logic, GCF’s support to the formulation of NAPs and/or other adaptation planning processes under the Readiness Programme can serve as a critical building blocks to catalyse large-scale action to address adaptation needs and establishing climate rationale.** GCF can strengthen its support to NDAs, AEs, in particular DAEs, readiness delivery partners and other stakeholders to utilize readiness support to articulate climate rationale.

47. The Secretariat already notes an increasing focus on climate impacts and vulnerabilities in the proposals for NAPs and adaptation planning processes, aiming to produce and use the scientific evidence base that is crucial for articulating climate rationale for project design and investment decision-making. Still, recognizing that there is significant work to be done to increase project quality in terms of improving the underlying climate rationale to reach the desired level, the Secretariat proposes to concentrate its efforts on strengthening guidance to NDAs, AEs, readiness delivery partners and other GCF stakeholders, improving Secretariat review processes, continuing collaboration and developing strategic partnerships, and developing a capacity-building strategy in support of the integrated policies to improve climate rationale. Planned activities are describe in detail in document GCF/B.21/Inf.XX titled “Steps to enhance the climate rationale of GCF-supported activities” (under preparation).

4.2 Cost approaches

48. As acknowledged in document GCF/B.21/03 titled “Incremental and full cost methodology”, determination of incremental cost may be more complex for adaptation activities than for mitigation activities. Strong articulation of climate rationale established in the project design, however, could support identification of additional costs of adaptation induced by the climate change. Such additionality would require identification of a baseline cost which would be the costs incurred under business-as-usual development projections. **By understanding the changes in the baseline variables associated with climate impacts, the cost for the chosen adaptation options would then be considered as the incremental cost.**

49. In certain situations, calculations of incremental costs may not be feasible. Often, there is a lack of data on future development baseline without climate change and projections of climate change impacts for the countries to quantify the additionality. There also may be cases where underdevelopment is a driver of climate vulnerability where such additional costs are inseparable. In this regard, the current proposal for incremental cost and full cost methodologies indicate that qualitative approaches connected to a strong theory of change should be used for all funding proposals, at a minimum. Quantitative approaches should be applied to activities when sufficient data is available. Furthermore, funding for full cost of adaptation may be justified through incremental reasoning, and funding for full project costs may be justified under certain circumstances for activities such as capacity-building, barrier-removing activities and pilot projects. Detailed cost approaches to incremental cost and full cost methodologies are outlined in document GCF/B.21/03.

4.3 Strategic engagement and partnerships with various stakeholders

50. To understand adaptation needs and the appropriate adaptation responses required in the local context, empowering DAEs to address the needs of countries in accordance with national frameworks and GCF policy is important. However, understanding policy and processes of the different levels of GCF support, including the Readiness Programme, the Project Preparation Facility (PPF), concept notes and funding proposals, were identified as barriers, particularly faced by country and DAE representatives. The Secretariat aims to strengthen its support to DAEs in information sharing through a number of activities, including enhanced strategic engagement, refinement of guidelines and templates related to proposals and legal agreements, and clearly defined roles and different modalities of GCF for support as noted in document GCF/B.20/04 titled “Strategy to increase funding proposals from direct access entities”.

51. For private sector actors, the current accreditation model and non-objection processes are complex, particularly to micro, small and medium-sized enterprises (MSMEs) and local small enterprises. Considering the level of innovation where the private sector can drive and be

involved, GCF can further explore how the GCF business model, such as accreditation, can support the translation of climate relevance into potential business cases.

52. In terms of civil society engagement in various GCF supported activities, in particular at country level, good practices by certain countries in terms of stakeholder participation, consultation processes can be documented and further shared to improve awareness, and to improve compliance to relevant GCF policies such as on gender, environment and social safeguards, and others.

4.4 Engaging the private sector in adaptation

53. As noted in document GCF/B.09/06 and document GCF/B.21/Inf.04, GCF has an opportunity to catalyse private sector investments in adaptation. Considering a significant adaptation finance gap in international public finance flows, private sector can play a pivotal role in closing the gap. Identifying the core investment priorities in attracting and leveraging different types of climate change investment, including from private and institutional investors, and in providing the right types of drivers to attract private sector support is identified as an area where targeted GCF investment can have a large impact (document GCF/B.21/Inf.04).

54. **However, there are existing barriers to investing in adaptation.** In most cases, **market for adaptation is underdeveloped** or even non-existent where clear project scope and scale with a revenue stream and commercial investment returns are not explicit.¹⁵ Understanding the larger market opportunities and challenges to support private sector engagement should be considered in creating solutions. Use of de-risking instruments such as guarantees and equity can also be considered as a way to attract private capital, in addition to insurance and re-insurance.

55. **Policies and regulations within countries** are also key barriers which create both positive and negative incentives.¹⁶ Policy dialogues and regulatory frameworks to support an enabling environment should be organized through partnerships with the private sector and public sector. GCF could support creating such partnerships through its existing mechanisms such as structured dialogues to raise awareness and foster early engagement of stakeholders including private sector entities in the early stage of national priority planning.

56. Such efforts to enable early engagement of the private sector could also address **knowledge gaps and information asymmetry**, which are often the barriers that prevent informed decision-making taking into account of operational risks induced from climate change. Although interest has been expressed by the private sector in engaging with project development with the GCF, it often faces difficulties in understanding the national priorities and building connections with the respective NDAs. Data relevant to private sector investment in adaptation related works can be encouraged and made available in GCF's supporting mechanisms, including country programming, NAPs, readiness, and in project preparation.

57. Another barrier expressed by the private sector was **lack of clarity on the business case for the private sector to engage with GCF in adaptation work**. The private sector would face difficulties in translating activities in the adaptation space into their business case because informed demand, capacity and willingness to take on additional investment are limited. GCF could support creating the demands for adaptation activities for the private sector by translating the needs into business models. GCF could also further explore promoting resilience across all sectors in mitigation and adaptation, as mitigation investments can also benefit from improved resilience and mitigation efforts can also improve resilience of communities from climate change. It may be useful to further identify investment opportunities in cross-cutting

¹⁵ Investor Group on Climate Change, 2017. *From risk to return: Investing in climate change adaptation*.

¹⁶ Document GCF/B.17/03

areas where adaptation activities can be addressed while reducing carbon emissions, such as health and well-being, urban areas and marine fisheries. Additional areas where private investment can have the most impact are further explored in a document on recommendations of the Private Sector Advisory Group (PSAG) on opportunities to engage the private sector in adaptation (under preparation) and in document GCF/B.21/Inf.04.

4.5 Measuring impacts of adaptation activities

58. Given the complexity of adaptation to climate change, developing indicators that reflect diversity in national circumstances to measure the impacts of adaptation activities has been an area of challenge for GCF. The participants at the technical expert workshop proposed the following approach to development of indicators:

- (a) To have specific purposes;
- (b) To have flexibility to be responsive and reflective of national circumstances; and
- (c) To capture unintended and unexpected outcomes through monitoring and evaluation systems. It is important to understand the context and develop narrative to make use of indicators.

59. This is aligned with the following recommendations to GCF made in the report of the Adaptation Committee to the twentieth session of the Conference of the Parties to UNFCCC and the related UNFCCC decision¹⁷:

- (a) Keep the indicators simple;
- (b) Design indicators that are qualitative as well as quantitative;
- (c) Design indicators in such a way as to capture the progress that countries are able to make in integrating adaptation into their development and sectoral planning, policies and actions; and
- (d) Give countries sufficient flexibility to define their indicators in line with their national and local planning, strategies and priorities.

60. Taking these into account, the GCF's results management framework (RMF) and adaptation performance measurement frameworks (PMF) will be further refined.

4.6 Addressing knowledge needs

61. There exists a wealth of experience of ground-level action and "evaluative evidence" to help build adaptive capacity, as well as advances in risk quantification and assessment tools. However, the consideration of knowledge gap should be integrated more explicitly in project and programme framing and design, involving all stakeholders including private sector, vulnerable communities, and civil society organizations. Some of the most commonly cited gaps in the knowledge base that could be bridged in the short term involve the opportunities and constraints of various adaptation options and cost-benefit analysis of adaptation strategies.¹⁸

62. Recognizing that adaptation is a moving target, it is critical to catalyse continuous learning and use of gathered information at the appropriate scale. **GCF could aim to create values of the lessons learned from projects for iterative process of linking project outcomes into national plans utilizing the existing knowledge platforms (e.g., website,**

¹⁷ Document GCF/B.13/26

¹⁸ UNEP, 2014. The Adaptation Gap Report: A Preliminary Assessment.

Direct Climate Action Platform (DCAP)). However, the responsibility for learning eventually lies with the countries once projects are completed and closed.

4.7 Other considerations

63. In addition to above findings and recommendations, the Secretariat also considered the following aspects, received in the context of the consultation of this paper, in its support to adaptation activities:

- (a) Understanding country context to enable an extended understanding of vulnerabilities on the ground should be taken into consideration, including, for example, the role of existing and growing inequality in and between countries, conflicts, gender and land rights, access to basic rights such as education and health. GCF's support in capacity building could further explore measures to link such vulnerability with baselines of adaptive capacity;
- (b) Although the Paris Agreement recognized the need to take traditional knowledge, knowledge of indigenous peoples and local knowledge systems as appropriate, in some instances, indigenous practices such as rotational farming, reindeer herding, and pastoralism are being regarded as unsustainable practices. The non-recognition of rights of indigenous peoples including land tenure puts a heavy restriction in practicing traditional knowledge, limiting the capacity to adapt to climate change at large. GCF could further explore ways to support holistic institutional building of countries through enhanced local ownership; and
- (c) Many climate risks are transnational requiring collective ways to address the risk pathways such as trade and human migration. Coordination at regional level to evaluate trans-boundary adaptation plans while ensuring country ownership may be an area of further exploration for the GCF.

V. Next steps

64. Based on the above findings, the Secretariat identifies the following general approaches to be further strengthened to support adaptation activities:

- (a) Recognizing that adaptation is a response to specific climate risks and impacts, which are often local in nature and vary over time in association with emission trajectories, GCF will continue to promote country ownership and local planning of adaptation activities. The GCF will also continue to enable flexibility based on local contexts throughout its project cycle, from adaptation planning, to project origination and evaluation;
- (b) GCF will continue to ensure a wide range of stakeholder engagement by including relevant national and sub-national stakeholders, including private sector and other partners in development and implementation of strategic adaptation plans and project design; and
- (c) Where possible, GCF will seek strategic alignment between project activities and larger policy framework such as NDCs, NAPs and NAPAs.

65. Given the wide range of areas of possible support, the findings of this paper have been related to other policy items. The following actions can support the works of GCF to strengthen its support to adaptation activities:

Identifying GCF's roles in global adaptation finance landscape

- (a) Create and strengthen partnerships with relevant organizations to build institutional information and to ensure complementarity of adaptation activities for a maximized impact. Such efforts can include identifying adaptation practices that are scalable for greater impacts, promotion of synergies in the implementation of enabling activities, such as the formulation of adaptation planning processes, etc (as noted in document GCF/B.20/05 titled “Annual update on complementarity and coherence”);
- (b) Build on lessons learned and experiences from climate finance delivery channels with a view to inform the development policies, procedures, and streamlining and harmonizing monitoring and evaluation approaches and methodologies (as noted in document GCF/B.20/05);

Bridging the gap of the missing middle

- (c) Strengthen synergies between the NAP process and country programmes and strategic frameworks to enable translations of high-level goals into project origination. Such efforts could include the following:
 - (i) Strengthen focus of GCF adaptation planning support on ensuring key elements of climate rationale for adaptation in project pipelines;
 - (ii) Ensure GCF support for the formulation of adaptation planning processes relate to and directly build on GCF Country Programmes whenever possible; and
 - (iii) Deepen guidance for formulation of NAP processes related to private sector engagement and an array of financial instruments;

Enhancing climate rationale and providing guidance

- (d) Develop shared standards for establishing climate rationale based on headline indicators that can be used by all countries and projects, with context-specific indicators related to eight GCF results-areas (as considered in document GCF/B.21/Inf.XX titled “Steps to enhance the climate rationale of GCF-supported activities” (under preparation));
- (e) Work with partners and establish communities of practices to improve the capacity of countries’ and AEs, in particular DAEs, in using existing data to improve climate rationale of projects submitted to the GCF (as considered in document GCF/B.21/Inf.XX titled “Steps to enhance the climate rationale of GCF-supported activities” (under preparation));
- (f) Provide readiness support to enhance the adaptive capacity of the NDAs and AEs, in particular DAEs, in understanding key adaptation factors such as (i) climate impacts and hazards; (ii) vulnerabilities, exposure and hazards resulting in risks to those hazards; (iii) methods to identify and prioritise most effective adaptation solutions available; (iv) and project baselines, uncertainty and unpredictability. These efforts include building capacity to apply information analysis, transfer skills to national level, generate local data, integrate climate information to existing adaptation planning processes, and putting all these into a pipeline high-quality proposals (as considered in document GCF/B.21/Inf.XX titled “Steps to enhance the climate rationale of GCF-supported activities” (under preparation));
- (g) Improve process and guidance to NDAs, focal points, and AEs and other key stakeholders including the following (as considered in document GCF/B.21/Inf.XX titled “Steps to enhance the climate rationale of GCF-supported activities” (under preparation)):
 - (i) Additional guidance to better incorporate the specific elements of climate rationale required in the design of project concept notes and funding proposals;

- (ii) Templates and process guidelines for concept notes, funding proposals, readiness programme and adaptation planning; and
- (iii) Detailed guidance documents for country programmes and entity work programmes including planning at the sector level to ensure alignment of plans between NDAs and AEs;

Cost approaches

- (h) Continue to develop and implement cost approaches to proposed adaptation activities in proposals including incremental and full cost methodologies taking in business-as-usual scenarios (as considered in document GCF/B.21/03);

Strategic engagement and partnerships with various stakeholders

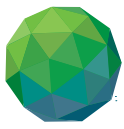
- (i) Continue to work with NDAs on accreditation, on requests for support, in particular, those prioritized by the Board for accreditation, particularly, national direct access entities and private sector entities (as considered in document GCF/B.21/XX titled “Accreditation framework review” (under preparation));

Engaging private sector in adaptation

- (j) Engage private sector during formulation of strategic planning processes, including NAPs and/or other adaptation planning, through support in capacity building and dialogues with specific emphasis on the use of readiness support and public-private partnerships. Dissemination of climate data and projections as well as potential market opportunities can help private sector investment decision making (in alignment with a document on the recommendations of PSAG on engaging the private sector in adaptation (under preparation));
- (k) Explore areas of GCF’s intervention in climate resilience activities through structuring different financial products including risk transfer products such as insurance/re-insurance in both public and private sector investment (in alignment with a document on the recommendations of PSAG on engaging the private sector in adaptation (under preparation), and document GCF/B.21/Inf.04);
- (l) Explore possible financial instruments GCF can provide and co-finance to leverage diverse sources of climate finance (e.g. blended finance);
- (m) Further explore measures to support private sector to overcome barriers including risk, knowledge and capacity deficits, and limited business case by improving information sharing at an early stage through various modalities of GCF, such as country programming, NAPs under readiness programme, and in project preparation (in alignment with document GCF/B.21/Inf.04);
- (n) Further identify investment opportunities in cross-cutting areas where adaptation activities can be addressed while reducing carbon emissions for maximized impacts, starting from identifying co-benefits of climate resilience in mitigation actions or vice versa (as also identified in document GCF/B.21/Inf.04);

Measuring impacts of adaptation activities and addressing knowledge gaps

- (o) Further develop and refine GCF’s adaptation PMF reflecting needs for flexibility where applicable (in response to decision B.17/01 paragraph (b)(x)); and
- (p) Expand existing communications platforms to promote a continuous learning culture among NDAs, AEs and other stakeholders including private sectors and civil society organizations by sharing lessons learned during adaptation planning, project preparation and design of specific adaptation options considered and/or implemented



with GCF's support (in alignment with the "GCF communications strategy" planned to be presented for the Board's consideration in 2019).

Annex I: Summary of the Technical Expert Workshop on Climate Adaptation Finance

1. The Technical Expert Workshop on Climate Adaptation Finance was held on 5 – 6 March 2018 at Oakwood Premier Hotel in Songdo, Incheon, Republic of Korea. This two-day workshop was organized by the GCF Secretariat to collect expert views on climate adaptation practices and approaches to adaptation finance. A total of 42 experts attended from different regions and varying institutions including government, research, funding institutions and civil society organizations. The relevant implications and recommendations from the workshop shall be used as inputs for the GCF Secretariat's proposal for guidance on the approach and scope for providing support to adaptation activities.

2. On defining adaptation activities, it was noted that the GCF intends to promote low carbon and climate resilient development. Its goal is thus not to differentiate adaptation from development but to engage development to enable these to become low carbon and resilient. The workshop noted that differentiating between development and adaptation while relevant to some extent at the international, national and subnational levels, becomes irrelevant at the local level. The need, therefore, is to promote an integrated approach. However, to enable this, strengthening climate rationale is important. It was also noted that although climate change data exists to better understand the climate rationale, linking the same data to projects is found to be difficult.

3. It was also noted that existing national adaptation planning processes, such as the NAP, can be used to move towards a more programmatic and integrated approach, and at the same time, improve project proposal planning. At the moment, there seems to be a lack of capacity in terms of applying information analysis, transferring skills to national level, generating local data, integrating climate information to existing plans and finally, putting all these into high-quality proposals.

4. In designing strategies, plans and projects for climate adaptation it was noted that increasing adaptive capacity requires understanding baselines, and uncertainty and unpredictability. In addition, driving private large-scale investments in local scale adaptation actions among the most vulnerable requires investments on enablers for adaptation actions by the private sector. Utilizing social and economic benefits as incentives to establish policy is one such enabler. In addition, private sector requires better information on data and quantification of risks such as technology risks. Finally, early engagement of the private sector during strategic planning process would be necessary.

5. On financing trends, it was noted that there is a significant adaptation finance gap in international public finance flows and it is likely to increase. It was also observed that development finance institutions have the largest contribution to climate finance flows at 84 per cent of total flows. This includes multilateral, bilateral and national finance institutions. Domestic public adaptation expenditure and finance frameworks are moving from grants to low-cost project debt as financial instruments used to channel climate finance flows. Also, adaptation is emphasized as taking cost effective measures following diligent risk assessment. Investment decisions can have adaptation built in with risk transfer mechanisms to consider residual risks.

6. The workshop noted that the key barriers of investments are policies and regulations within countries, which create both positive and negative incentives. It was important therefore to promote policy dialogues and improvements in the regulatory frameworks. Other barriers include risk, knowledge and capacity deficits, business case for adaptation and non-financial interventions. The need to fill the information gap was noted and the need to reach out to other stakeholders through capacity building and dialogues with specific emphasis on the use of readiness support and public-private partnerships was stated. Finally, understanding the larger

market opportunities and challenges to support private sector engagement should be considered in creating solutions.

7. In terms of measuring adaptation, the workshop noted that indicators should be scalable and need to be linked to wider assessments of project structures. It is concerning to have standardized indicators and a one-size fits all approach does not work. Three principles to consider with indicators development are:

- (a) To have specific purpose;
- (b) To have flexibility to be responsive and reflective of national circumstances; and
- (c) To capture unintended and unexpected outcomes through monitoring and evaluation systems.

8. It is important to understand the context and develop narrative to make use of indicators. In addition, behavioural changes, for instance, is an important measurement but it is difficult to measure short-term. It needs to be measured in a longer timeframe beyond project cycle. Elements of maladaptation also need to be identified at the time of project review. This needs to be done in the context of transformative change, but not at the expense of incremental change. Finally, it is important to measure reduced vulnerability with a detailed analysis on linking vulnerability with baselines.

9. The following was highlighted as necessary issues to be explored in terms of promoting better understanding of the impact of climate investments specific to the private sector:

- (a) Initiate R&D for return on investment which appeals to private sector engagement; and
- (b) Create private sector learning group to measure results from private sector and to resolve the issue of transparency (i.e., information sharing).

Annex II: Summary of the GCF session on GCF's approach and scope for providing support to adaptation activities at Adaptation Futures 2018

1. The Adaptation Futures 2018 Conference is the premier international conference devoted entirely to climate change adaptation and aimed to facilitate dialogues for solutions between key actors. During the conference, the GCF delegation organized a session with an aim to engage wider range of stakeholders including direct access entities and national designated authorities in the discussion of developing GCF's approach and scope for providing support to adaptation activities. Over 50 participants with different associations attended the session.
2. The session was structured into three parts: presentations, speakers and a moderated question and answer session. During the presentations, the status and approach of the GCF to support climate adaptation in developing countries was discussed. The progress update and approach drew from a review and analysis of international climate finance; analysis of the GCF portfolio and pipeline; identified priorities for GCF investment projects and programmes; and outcomes of discussions with the private and public-sector stakeholders. There was also a further elaboration on GCF actions related to climate rationale, adaptation planning. Finally, opportunities for engagement were shared with the participants. The invited speakers included a member of the Adaptation Committee of the UNFCCC and two developing country representatives engaged with GCF.
3. The key takeaways from the session include the following:
 - (a) Continued collaboration with the bodies and committees under the UNFCCC as well as the financial mechanisms of the UNFCCC is critical to improve complementarity and coherence. For example, contribution of the Adaptation Committee of the UNFCCC on the GCF adaptation approach and scope through World Resources Institute and scaling up GEF and AF projects through GCF;
 - (b) There is a need for increasing availability and access to data as most of those in need or most vulnerable lack scientific basis for proposals with no available data. This can be done through GCF with a window of USD 3 million to support countries in adaptation planning;
 - (c) The Readiness Programme can play a part in strengthening institutions to fulfil GCF requirements, particularly for stakeholder consultation;
 - (d) Strengthening institutional capacity of direct access entities takes a long process but is important to ensure readiness and capacity to design and implement projects;
 - (e) GCF's standards on good stakeholder consultation should be clarified and measures to enforce good stakeholder consultation need to be established to prevent maladaptation and other social and environmental issues. Guidelines for stakeholder engagement is necessary to ensure that appropriate consultations are conducted; and
 - (f) Unlocking private sector finance can be done through removal of barriers and provision of concessional loans.

Annex III: Summary of the Green Climate Fund’s Approach to Adaptation: Analysis and Implications for the Fund – prepared by World Resources Institute

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Introduction

This summary presents key findings and recommendations from the Study on the Green Climate Fund's Approach to Climate Change Adaptation (hereinafter "study"). The study aims to inform the Green Climate Fund (GCF) Secretariat in developing guidance on the GCF's approach to adaptation, as requested by the GCF Board at its seventeenth meeting.

Context and Scope of Study

As an operating entity of the financial mechanisms of the UNFCCC, Kyoto Protocol, and the Paris Agreement, the GCF plays a vital role in supporting adaptation in developing countries. The GCF is entering its third year of approving funding proposals. So far, the Board has approved 76 proposals of which 37 are adaptation proposals and 18 are cross-cutting proposals. Consideration of proposals has raised a variety of questions about the GCF's role in supporting adaptation efforts. These questions include: Which proposed activities can be considered as "development," and which as "adaptation"? Is this distinction useful, and can it be made in practice? Which elements of adaptation proposals should the GCF fund? And does the GCF have the requisite pool of accredited entities to generate a strong pipeline of transformational adaptation projects? Now that the GCF commitments have reached a critical mass, addressing these questions is crucial to ensure that the GCF can finance adaptation effectively.

In furtherance of the mandate set by the GCF Board at its seventeenth meeting, the Secretariat commissioned a study to examine:

- Approach and scope for support to adaptation, including types of activities and instruments;
- Main gaps in adaptation projects within and beyond GCF's current portfolio and pipeline;
- Scope and strength of existing accredited entities and incoming pipeline; and
- How to encourage good proposals, including linking readiness and preparation support with development of good projects/programmes.

Approach and Methodology

The study provides a multimethod, qualitative and quantitative comparative analysis, based on an extensive literature review and complemented by interviews with 19 stakeholders and a technical expert workshop in March 2018.

We address approach and scope for support as well as main gaps in projects in the adaptation finance landscape analysis. We address encouraging good proposals and scope/strength of accredited entities in the sections on climate rationale, readiness and preparation support, accredited entities, and cost approaches. We also include a preliminary analysis on private sector engagement in adaptation to complement ongoing work within the Private Sector Facility and the Private Sector Advisory Group. Issues of concessionality, co-financing, and indicators of effectiveness are not within the scope of this study and are being addressed in the context of other mandates issued by the Board.

Adaptation Finance Landscape: This study used and built upon a typology of adaptation actions (see Annex 1)ⁱ developed by the International Institute for Sustainable Development (IISD) for the Adaptation Partnershipⁱⁱ to gain insight into what climate funds are supporting and to enable comparisons between fund portfolios and country priorities. Using this typology, the Study compared 232 adaptation projects funded by the Adaptation Fund (2010-2017), the Pilot Program for Climate Resilience (2011-2017), and the Least Developed Countries Fund (2011-2014)ⁱⁱⁱ with the 95 adaptation and cross-cutting proposals in the GCF's portfolio and pipeline. Reviewers tagged projects by focus area and activity to enable more in-depth comparisons of the portfolios. The review identified the number of projects containing activities in each of the typology's focus areas *not* the volumes of financing.

This study relies on Nationally Determined Contributions (NDCs), GCF country programmes and briefs, and requests to the GCF for adaptation planning support (NAP proposals) for information on country priorities. NDCs are useful because they apply to all countries, are publicly available, and are explicitly linked to the Paris Agreement. The Study reviewed the 136 developing country NDCs containing specific adaptation components. The study also analyzed 3 country programmes and 49 country briefs submitted by national designated authorities (NDAs), and 11 approved NAP or other adaptation planning proposals. Data and resource constraints prevented a comparable review of bilateral and MDB adaptation activities, but the Study used available data to draw sector-level and geographic comparisons with the investments of these institutions where possible.

Establishing Climate Rationale: To understand current practices on establishing climate rationale, this study reviewed the procedures and policies of the climate funds, MDBs, and selected bilateral agencies. This review, supplemented with examples from the project review, helped establish an understanding of the status quo and of best practices for establishing climate rationale.

Readiness and Preparation Support: To understand how the GCF could best support the development of strong adaptation proposals, this study analyzed guidance for the Readiness Programme and the Project Preparation Facility (PPF), and included an initial review of select NAP proposals (approved as of March 2018), readiness requests, and PPF proposals (approved/endorsed as of March 2018). It also included views from stakeholder on their experiences accessing readiness and project preparation support.

Costing Approaches: This study examined institutional guidance (for the MDBs, multilateral climate funds, Irish Aid, and NDF specifically) on determining the costs of adaptation actions to inform the possible approaches the GCF could adopt. The analysis was complemented by published guidance on calculating incremental costs for infrastructure from the ADB.

Scope and Strength of Accredited Entities: The Study reviewed the composition of the 59 accredited entities and 83 applicants (as of April 2018), their experience with adaptation initiatives, the extent to which they use national and local executing entities, and their use of different financial instruments. It also looked at expert literature on the role of different types of entities in supporting adaptation.^{iv}

Private Sector: This study provides an initial analysis of the status of private sector activity in the GCF portfolio and pipeline, identifies key barriers for private sector engagement, and maps emerging models of private sector adaptation initiatives.

The Adaptation Finance Landscape

Findings

Collectively, climate funds, MDBs, and bilateral sources provided approximately US\$ 27 billion in adaptation finance over the 2011 – 2014 period.^v To put this amount in context, in 2010, the World Bank estimated that global adaptation costs may be around US \$70-100 billion per year. This underscores the importance of using scarce public resources wisely to drive sustained impact.

Adaptation activities funded by the GCF and other climate funds include a range of technologies, many of which are not new, to reduce vulnerabilities to climate change. The innovation mostly resides in transferring, disseminating, and scaling these in places and to populations that previously lacked access, and in combining “hardware” with good planning, institutional capacity building, training, and other soft- and org-ware. In agriculture, for example, funded adaptation technologies include drip irrigation systems; drought-resistant seed varieties; bio-engineered sea barriers to prevent salt-water intrusion; bamboo-based protective houses for farmers to cultivate high-value crops in protected conditions; development of climate-smart agriculture plans; access to credit and markets; and women’s cooperatives.

Expert literature on adaptation (e.g., IPCC AR5), project-level review, and NDCs all confirm the importance of enabling environments for effective adaptation. Good practice and lessons learned suggest that institutional capacity and stronger enabling environments are critical to the success of adaptation initiatives, whether those initiatives are piloting new technological solutions, upscaling known technologies, or strengthening the capacity of institutions to plan for and implement adaptation. Additionally, the vast majority of NDCs and country programmes/briefs discussed the need for capacity building, governance, knowledge management, or project preparation and planning. The GCF’s Readiness Programme, including adaptation planning, can play a critical role in supporting such activities to help generate catalytic project pipelines involving public and private sectors.

Adaptation priorities identified in GCF country briefs/programmes are largely consistent with those in NDCs, with the notable exception of human health. In turn, there is broad consistency sector-specific focus areas in GCF country briefs/programmes and those in the GCF portfolio and pipeline. Table 1 (excerpted) shows how sector-specific focus areas compare across NDCs, country programmes/briefs, and the GCF portfolio and pipeline. The analysis is based on assigning rankings to each focus area based on the percentage of NDCs, country programmes/briefs, and GCF proposals that include a given focus area.

Notably, health is the only focus area that is referenced in over half of the NDCs with adaptation components (and ranking fifth) but appears appear infrequently in GCF country programmes/briefs and the GCF portfolio and pipeline. Other rank differences will likely be resolved as country briefs evolve into programmes. Further research is needed to understand: 1) whether there is a gap in the health sector; 2) whether health needs to be embedded in different national strategy and plans, projects, and programmes; and 3) if there is a funding gap, what role the GCF should play (if any) in addressing it.^{vi}

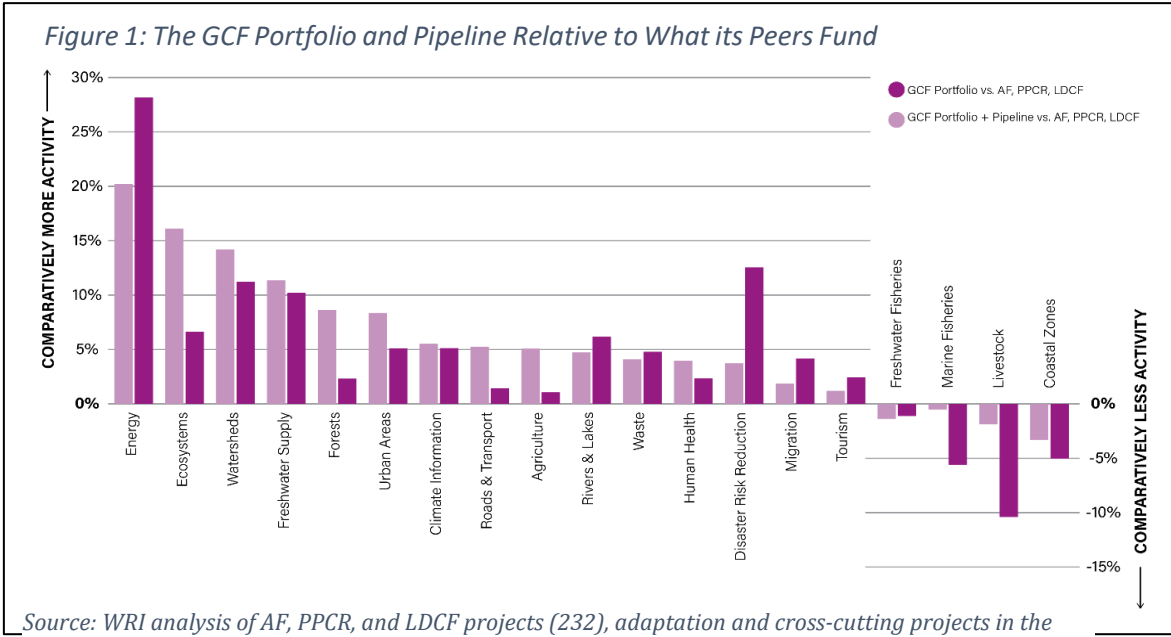
Table 1: How Concentrations of Sector-specific Focus Areas Compare Between NDCs, Country Briefs, and Climate Funds

| Sector-specific Focus Area | NDC ranking based on % of NDCs referencing focus area | Focus Areas in GCF Country Briefs | | Focus Areas referenced in GCF Portfolio and Pipeline | | |
|----------------------------|---|-----------------------------------|------------------------|--|-----------------------|---------------------------------|
| | | Ranking | Rank Difference w NDCs | Ranking | Rank Difference w NDC | Rank Difference w Country Brief |
| Human Health | 5 | 12 | -7 | 15 | -10 | -3 |
| Forests | 6 | 2 | 4 | 8 | -2 | -6 |
| Climate Information | 8 | 7 | 1 | 1 | 7 | 6 |
| Marine Fisheries | 10 | 7 | 3 | 16 | -6 | -9 |
| Energy | 12 | 14 | -2 | 6 | 6 | 8 |
| Urban Areas | 15 | 7 | 8 | 12 | 3 | -5 |
| Rivers & Lakes | 19 | 11 | 8 | 13 | 6 | -2 |

Source: WRI

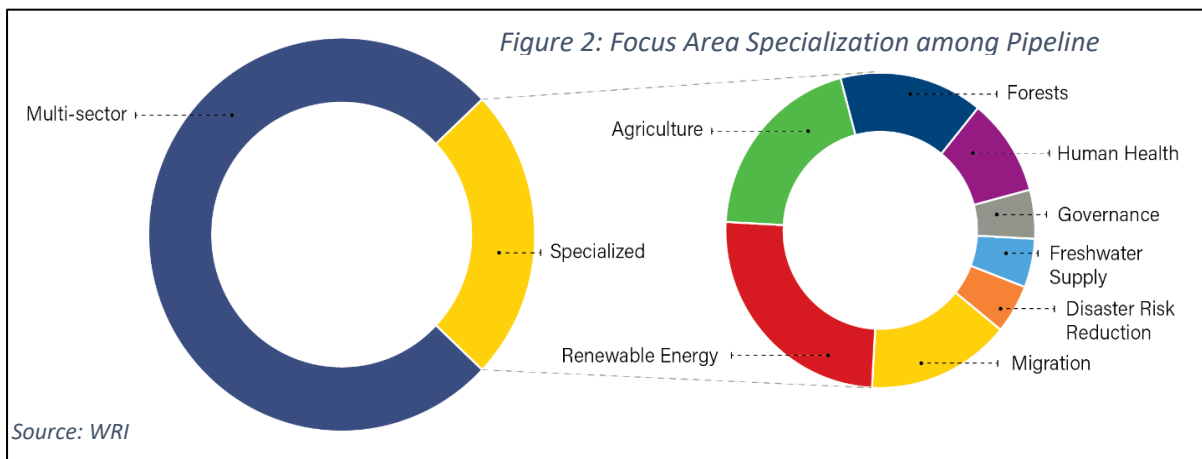
Notes: Highlights indicate a differential of five points or more: orange indicates a fund ranking that is lower than the NDC or country brief ranking and blue indicates a fund ranking that is higher. For brevity, Table 1 excerpted only those sectors where comparison found a difference of five or more points. The full table, with remaining focus areas, is available in the Study.

The GCF portfolio/pipeline is largely consistent with the adaptation portfolios of the other climate funds, at least in terms of the sectors and activities supported, and their geographic distribution. MDBs and bilateral sources also follow similar trends. Like other climate funds, GCF has the highest project concentrations in agriculture, climate information services, disaster risk reduction, and freshwater supply. To be sure, the other climate funds have different mandates: The AF focuses on concrete adaptation interventions; LDCF focuses on NAPAs, related activities, and NAPs; and PPCR focuses on integrating climate into development planning. The GCF has the flexibility to support a range of diverse approaches. But because these funds are the closest peers to the GCF in terms of providing targeted support for climate adaptation, this comparison is nevertheless instructive. The study sought to assess whether the GCF was funding similar sectors relative to other climate funds, with the view toward understanding whether approaches to sector prioritization differ and gaps exist.



Implications and Recommendations

An open question for the GCF is whether it should prioritize certain sectors in its approach to catalyzing adaptation action, or whether it should focus on strengthening and scaling up environments that enable strong adaptation initiatives in any sector. At this point, it is not clear that the GCF should prioritize certain sectors, though there may be value in researching further whether there are sectors that require more attention, now or in the future. Human health and migration are examples, given the likely disruptions that will be caused by climate change. Further research could inform partnerships with entities in the accreditation pipeline that specialize in certain sectors, thereby providing options for developing countries who may not have national entities working in those sectors (see Figure 2).



The GCF may also want to reflect more deeply on the division of labor in adaptation financing among relevant institutions and funds. Overlap with other institutions and funds may be desirable if the GCF is seeking to add scale to meet existing and future needs, or if it is taking on the roles played by funds that may be phased out in the future. However, to the extent that the GCF’s mission and mandates differ from other funds, too much overlap may raise questions about complementarity, coherence, and avoiding duplication. In general, the GCF may take the role of filling funding gaps, scaling up what other funds are doing, or funding more innovative, catalytic

action. While all three roles are appropriate in different situations, the GCF should be deliberate about when it choose to take on each role.

Establishing Climate Rationale

Findings

Adaptation is the process of adjusting and responding to actual or expected climate changes and their effects. The fact that adaptation is a process and the fact that this process is intricately related to development objectives, makes it hard to define, in clear, standardized terms, what is and is not an adaptation action.

The review of adaptation projects shows that climate adaptation interventions involving both hard and soft technologies often resemble activities funded by traditional development institutions. Hard technologies include drip irrigation, boreholes, water storage tanks, and drought-resistant seed varieties. Soft technologies (like capacity building and institutional strengthening) include establishing farmer field schools, alternative income generation, and strengthening women’s cooperatives. This finding confirms that the “toolbox” of adaptation activities is similar to that of development. Looking at activities in isolation and attempting to draw clear distinctions between adaptation and development is unlikely to be a useful guide to what the GCF should or should not fund.

The GCF currently lacks clear and consistent guidelines on how to demonstrate that proposed activities address climate-related risks (climate rationale) and current concept note and funding proposal templates further confuse matters. The Results Management Framework (RMF) articulates impact areas for adaptation and the Investment Framework (IF) includes criteria relevant to adaptation, particularly under impact potential and paradigm shift. However, neither the RMF nor the IF address the question of how to establish climate rationale. It does not, for example, direct proponents to describe long-term projections and trade-offs in deciding which activities to pursue.

The GCF also has no guidance document beyond the funding proposal template to help external partners prepare funding proposals and documentation for the GCF. While there is a User’s Guide for concept notes, it does not comprehensively address adaptation-relevant issues.^{vii} Analysis and interviews suggest that while both templates could be improved, the concept note template does a better job than the proposal template at guiding project proponents to establish climate rationale. The funding proposal template requests the relevant information but does so in multiple places, making proposals both duplicative and hard to follow. Coupled with the lack of clear guidance, the template is confusing, does not help proponents consistently and effectively explain the climate rationale of activities, and complicates the ability of the Secretariat, ITAP, and the Board to consistently assess the climate rationale of funding proposals. Recently strengthened guidance on the adaptation planning activity area within the Readiness Programme has been useful, but this sort of guidance has to go further and be more widespread across GCF’s adaptation approach.

A review of the Secretariat and ITAP reports for adaptation-only projects identified inconsistent understandings of critical issues, such as climate rationale and which costs the GCF should support. There were several instances where ITAP raised concerns that a project was not sufficiently climate related even though the Secretariat’s review did not raise similar concerns (and vice versa). There were also instances where the Secretariat and ITAP identified the same deficiency but evaluated it differently. For example, when a project did not include sufficient data to determine the extent to which water scarcity can be attributed to climate change, the Secretariat felt the uncertainty was a question of costing activities appropriately, but ITAP felt it cast doubt on climate rationale and questioned whether the project should be funded by the GCF.

Stakeholders note that the unclear guidance results in a variety of challenges in the proposal approval process, including disagreements between Secretariat and ITAP at late stages of the

approval process.^{viii} While some differences in judgment would be expected even with clear guidelines, disagreement on fundamental issues should not arise in late stages of the proposal approval process.

Implications and Recommendations

The Study recommends incorporating a three-step framework for establishing climate rationale into all relevant policies and guidance to countries and entities. This approach should be integrated across all divisions of the Secretariat. The steps are: (1) identify anticipated changes in climate, their impact, and the vulnerabilities of affected populations; (2) articulate proposed activities and how they address expected climate impacts and vulnerabilities; and (3) explain how activities connect with the larger policy framework (see Table 2). Participatory planning and design are crucial in resolving conflicting objectives between stakeholders or addressing tradeoffs. It is also essential for ensuring that vulnerable groups and communities, such as women and Indigenous Peoples, are included in all stages of project development.^{ix}

A stronger, more systematic focus on establishing a proposal's climate rationale at the GCF will have important benefits. It will lead to more transparent decision making by the Secretariat and the Board about what gets funded. It will send a clearer signal to project proponents as to what they should consider when designing and presenting proposals for consideration. In addition, it will further strengthen country ownership by creating more space and stronger processes where national and local stakeholders can engage in the design of proposals. Finally, with readiness support, a stronger focus on climate rationale will help build country and stakeholder capacity to undertake robust adaptation planning.

Improving the process of establishing climate rationale will not guarantee a paradigm shift, but it will improve the GCF's ability to fund innovative adaptation actions that catalyze transformation toward a more climate-resilient future (rather than maladaptation). While many countries may not have good enough, let alone perfect data, they should still make a best effort to understand both risks and uncertainties and identify adaptation investments that address those risks and are flexible and robust enough to withstand uncertainties.

Table 2: Illustrative Guiding Questions for Establishing Climate Rationale

| Step | Screening Questions | How to answer |
|---|---|---|
| Step One: Current and Future Vulnerabilities and Impacts | What is the current development baseline? | <ul style="list-style-type: none"> - Describe current socio-economic conditions - Describe current development challenges |
| | What are the current and projected climate risks and impacts for the target group/region over relevant time horizons (e.g., short and long-term)? | <ul style="list-style-type: none"> - Describe predicted changes to the climate in target area (e.g., trends in precipitation, temperature, extreme weather events) - Specify who and what is affected by those changes - Describe the climate-related risks (likelihood of a hazard occurring) and impacts (e.g., reduced agricultural productivity, water scarcity) at time horizons relevant to the project - Identify uncertainties in projections, if any |

| Step | Screening Questions | How to answer |
|--|--|--|
| | <p>What are the underlying vulnerabilities to climate change faced by the expected beneficiaries, and what might be driving them?</p> | <ul style="list-style-type: none"> - Identify the target population's vulnerabilities to the impacts above - Explain what might be driving those vulnerabilities (e.g., socioeconomic conditions, unplanned growth, weak governance) and identify which are targeted in this proposal. Include relevant assumptions and acknowledge uncertainties, if any. - Explain why these drivers are targeted, rather than others, as well as the process used to arrive at this conclusion |
| | <p>What are the current barriers to addressing the identified vulnerabilities and their drivers?</p> | <ul style="list-style-type: none"> - Identify key barriers |
| <p>Step Two: Proposed Activities and how they Address Vulnerabilities/Impacts</p> | <p>What are the proposed activities and how where they determined?</p> | <ul style="list-style-type: none"> - Outline specifics of each proposed activity |
| | <p>How do the proposed activities address the identified impact and/or driver(s) of vulnerability over a time horizon relevant to the project (e.g. short- and long-term)?</p> | <ul style="list-style-type: none"> - Provide a clear explanation of how each component in the proposal is expected to address impacts or vulnerabilities (e.g., use assessments, studies, best practices to show pathways of change between activities and vulnerability drivers). - Explain how climate projections and impact models were used to understand how the proposed activities can contribute to the ability to sustainably meet longer-term objectives. - If some components are not directly climate-related, explain how they support activities that are. |
| | <p>How were these activities identified?</p> | <ul style="list-style-type: none"> - Explain how these activities were identified (participatory processes, consultations, government plans, etc.). - Explain what alternatives were considered and why the proposed activities were ultimately selected and prioritized. - If the proposal involves a certain technology or technologies, explain why and how that technology mix was selected. - Provide clear explanations of how design options, costs, feasibility, stakeholder opinions were considered in this process. - Explain which trade-offs were considered and how they were resolved. |

| Step | Screening Questions | How to answer |
|--|--|---|
| Step Three: Connect Activities with the Larger Policy Framework | Are proposed activities consistent with national sustainable development or adaptation strategies, or other instruments? | <ul style="list-style-type: none"> - Explain how activities fit with sustainable development plans, NAPAs, NAPs, or other relevant documents - If not contained in an existing plan, explain why - If there are competing policy objectives (e.g., water supply is insufficient to support both increased energy production and continued agricultural productivity), explain how those issues were resolved |
| | Is there evidence of longer term planning? | <ul style="list-style-type: none"> - Explain whether and how the proposed activities help enhance long-term planning for adaptation - Identify the limitations of the proposed activities in terms of longer-term adaptation - Identify what longer-term fundamental shifts in economic bases, livelihoods, or ways of living may be necessary to adapt |

Source: WRI

Additional guidance, improvements to the concept note and funding proposal templates, as well as readiness and project preparation support are needed to help project proponents implement the three-step framework. If the GCF adopts the recommended three-step framework, it should integrate the approach into all relevant processes, policies, templates, and guidance documents across all divisions of the GCF and communicate the approach to all relevant stakeholders. Improvements to the concept note and funding proposal templates (currently underway) and accompanying guidance may also be needed to streamline the process, and GCF readiness support and project preparation support may be necessary to address any capacity or resource constraints.

The GCF should provide additional feedback at the concept note stage; this should encourage stronger funding proposals. Upstream support in the form of technical assistance, training and guidance materials, including sector-specific input, can play a valuable role in helping entities develop strong concept notes. Some entities reported receiving unclear feedback on their concept notes or receiving feedback that was later contradicted once the full proposal was submitted.

Readiness and Project Preparation

Findings

The NAP process can help countries move from broad priorities to a pipeline of strong proposals, which is a critical step in building national adaptive capacity. Approved requests for NAP support, emphasize national vulnerability assessments, bodies to coordinate adaptation, and capacity to manage climate information and risks. There is less overall emphasis on periodic processes to update assessments and national priorities over time, which would enable more dynamism in assessing, prioritizing, and coordinating adaptation actions. There is also limited reference in the requests to building capacity for long-term planning and transformative adaptation (i.e., adaptation interventions that encourage large-scale systemic changes that address climate impacts that threaten the viability of production systems and livelihoods). Instead, the focus appears to be on addressing immediate, shorter-term climate impacts.

The GCF Readiness Programme and Project Preparation Facility (PPF) are important resources, but stakeholders lack clarity on how the different windows of assistance relate to

one another in the case of adaptation and what constitutes effective use of readiness resources. For example, guidance for readiness, NAPs/other adaptation planning, and PPF address different elements needed for developing strong climate rationale, but they do not clearly connect the steps in a way that guides stakeholders to consider how to use resources to build climate rationale. Some stakeholders noted that they are unsure what their strategy should be for approaching the different readiness windows and (at times) have received conflicting advice from the Secretariat about which windows to access. Further, while the GCF has developed criteria for assessing adaptation planning requests, it has not developed comparable criteria for the other GCF Readiness support windows.

There are not enough experts with knowledge of both GCF processes and adaptation to meet demand from countries and entities. Accredited entities and readiness providers report that finding people with the requisite expertise is challenging. The recent review by Dalberg on the GCF's readiness programme recommends increasing Secretariat capacity to effectively manage this programme, and the 2018 work programme for readiness and preparatory support envisions hiring more adaptation experts, both of which could help address issues identified by stakeholders.^x Stakeholders also noted that the GCF solely operating in English is a barrier to accessing funds.

Implications and Recommendations

The GCF should issue additional guidance clarifying the roles and sequencing of readiness and preparation funding, as well as what constitutes effective use of readiness resources. Guidance is needed to direct project proponents to the relevant tools and resources available to support adaptation, particularly with respect to developing strong climate rationale. Guidance could clarify how resources for NDA strengthening, country programming, and adaptation planning can support the process of establishing climate rationale, and how PPF support can build on that for specific projects. It would also be valuable to develop similar guidelines for the other aspects of readiness and project preparation support.

Similar to the review criteria for NAP proposals, the GCF should develop criteria for other parts of the readiness programme. A theory of change for the Readiness Programme is currently under development; this will help ensure that countries receive consistent feedback and guidance from the Readiness Programme and Project Preparation Facility.

The GCF should identify ways to grow the pool of experts with expertise in both adaptation and the GCF's processes. In building its pool of external consultants, the GCF could draw on existing adaptation expertise. The LDC Expert Group and the Adaptation Committee, for example, offer a wealth of experience and expertise on adaptation. Targeted training materials and programs may be needed to develop knowledge of GCF-specific processes.

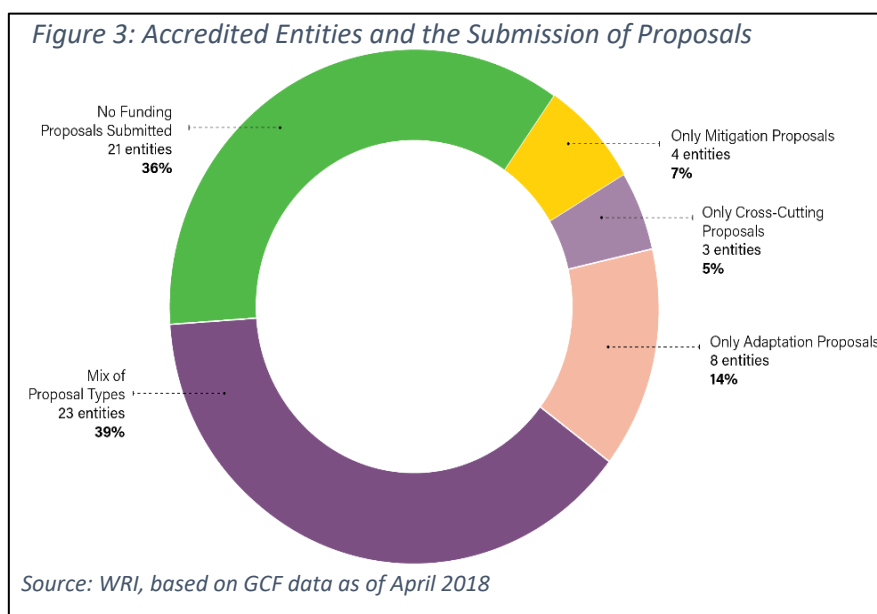
Accredited Entities

Findings

GCF currently has a diverse pool of accredited entities, but more than a third of them have yet to submit any full funding proposals. Also, over half of the adaptation and cross-cutting portfolio has originated from just four entities. As of April 2018, the GCF had accredited 59 entities, representing a variety of types of actors. Yet, 21 entities have yet to submit full proposals of any kind (see Figure 3). Four entities—UNDP, World Bank, ADB, and EBRD—account for 28 of the 55 approved adaptation-related projects.

Regardless of the type of entity, previous experience with other adaptation-focused funds is a strong predictor of whether an entity has submitted adaptation proposals to the GCF. Accredited entities that have submitted proposals to the GCF have previously had projects approved by the other adaptation-focused funds. The four entities referenced above also account

for significant proportions of Adaptation Fund, PPCR, and LDCF projects. Among national and regional entities, most that have submitted full funding proposals to the GCF have previously had projects approved by the Adaptation Fund.



There is limited use of non-grant instruments for adaptation. While half of the entities that have submitted adaptation proposals are accredited for on-lending/blending, ninety-three percent of adaptation only funding is in the form of grants. Only one entity (Acumen Fund) has an adaptation proposal with a non-grant instrument. There is more diversity in instruments for cross-cutting proposals, however, that is likely due to the mitigation components of those proposals. This is unsurprising as it may be appropriate for the majority of adaptation efforts to be funded with grants. Nevertheless, there is room to explore how non-grant instruments could be deployed to support adaptation activities.

National government entities are the dominant category of executing entities; sub-national governments are largely absent. Adaptation needs are highly diverse and context specific, so robust engagement with local/subnational institutions is important. In the current portfolio, the majority of adaptation and cross-cutting projects have national government entities as an executing entity, and very few have local/sub-national executing entities.

Implications and Recommendations

The possible under-utilization of the full range of GCF accredited entities remains a concern. A sizeable percentage of entities have yet to submit proposals, and a small handful of entities are originating most of the adaptation pipeline. The capacity to deploy sophisticated financial operations is hardly being used for adaptation projects. This raises a question as to whether it is cost-effective to build a large pool of entities at considerable cost if a significant portion will not be accessing GCF funding.

The GCF should further explore opportunities to develop adaptation programs and projects that would benefit from the deployment of non-grant instruments and to engage local/subnational entities in adaptation. Key questions that should be answered include: How can the GCF promote the use of non-grant instruments for adaptation? Why have relatively few projects employed subnational or local executing entities to date, and how can the GCF encourage

better engagement with such entities in the context of adaptation? Lessons from the Enhanced Direct Access pilot will be particularly informative in considering how best to engage subnational/local entities.

Cost Approaches

Findings

The GCF lacks a clear policy on how to approach adaptation costing. The Governing Instrument provides that the GCF can fund full and incremental costs. However, GCF Board decisions do not clarify when a given approach should be used. Climate funds, MDBs, and bilateral actors have adopted varying approaches to supporting adaptation costs, with some guidance about how to justify costs. In practice, these actors and project proponents routinely negotiate how and what costs will be covered prior to project approval, indicating that flexibility may be necessary.

While the incremental-cost approach can be useful in some cases, particularly when it comes to adapting certain kinds of infrastructure to climate change, this approach also has significant limitations. Technical constraints make this approach less feasible in cases where data is not readily available. Also, where communities already face serious development deficits, adaptation and development costs may not be separable because underdevelopment is itself a driver of climate vulnerability. For instance, a community that currently has no access to piped water is more vulnerable to increased drought (as a result of climate change) than a community that has access to piped water. Further, poorer farming communities may be more vulnerable to drought because they cannot easily buy drought-resistant seeds or implement other adaptation strategies. In such situations, activities that increase climate resilience and activities that are good for development are often one and the same (e.g., increase access to piped water, provide access to credit).

Implications and Recommendations

Rather than adopting a “one-size-fits-all” approach, or preserving the current ambiguity and lack of guidance, the GCF should adopt a set of approaches that could apply in different, pre-defined situations. These approaches include: total activity cost, incremental cost, and beyond incremental cost. Each is suitable for different kinds of activities or circumstances. If the GCF chooses to adopt a set of approaches, it will need to provide guidance on when those different approaches would apply and what proponents would need to demonstrate in each case. (In Table 3, we suggest a set of criteria that could apply as a starting point in each case.) The beyond incremental cost approach is perhaps the hardest of the three approaches to define clearly, and thus it may require identifying factors that trigger the approach, such as historical marginalization or extreme vulnerability of target populations. It is important to recognize, however, that there are data constraints in many developing countries that will require flexibility as well as technical and financial support, regardless of the cost approach involved.

Table 3: Examples of Activities Under Different Costing Approaches

| Approach | Description | Illustrative Categories of Activities |
|----------------------------|--|---|
| Total Activity Cost | Activities that are specifically designed to deal with climate change. | <ul style="list-style-type: none"> - Climate information services - Glacial lake outburst flood prevention - Climate policy formulation - Coastal protection - Drought-resistant seeds |
| Incremental Cost | Additional activities or costs needed to make development actions climate resilient. | <ul style="list-style-type: none"> - Modifying transportation infrastructure (road culverts, bridges, roads) to make it more resilient to projected climate risks |

| | | |
|--------------------------------|---|--|
| | | <ul style="list-style-type: none"> - Modifying electricity and telecommunications infrastructure to make it more resilient to projected climate risks - Making existing water infrastructure climate resilient |
| Beyond Incremental Cost | Activities that may be needed regardless of climate change, but they address underlying vulnerabilities and increase climate resilience. Factors include: historical marginalization, degree of vulnerability, and lack of access to other sources of funding | <ul style="list-style-type: none"> - Provision of water services to communities whose vulnerability will be exacerbated by increasing drought - Diversification of livelihoods in poor and vulnerable communities; - Strengthening institutions and local capacities more broadly |

Source: WRI

Preliminary Analysis of Private Sector Engagement

Findings

As in other parts of the landscape, private sector engagement in adaptation at the GCF has been limited. Less than a fourth of GCF adaptation-related portfolio and pipeline proposals contain activities related to the private sector. Only two private entities have sought support from the GCF for adaptation-related initiatives to date. Acumen Fund has one cross-cutting proposal and one adaptation-only proposal approved so far. One other private sector entity has a cross-cutting proposal in the pipeline.

Building strong enabling environments by removing policy barriers and providing reliable climate information is key to fostering private sector participation. Improving regulatory environments and investing in climate information services that provide the information needed to undertake scenario planning and support operations could remove important barriers to private sector engagement in adaptation.

Viable business models that generate reflows to private investors are also critical. Several approaches for private sector engagement in adaptation are beginning to emerge. They include the use of concessional finance to de-risk capital structures; the deployment of private equity and venture capital to support firms innovating in adaptation; the use of risk-transfer and insurance products to address climate risk; and the development of business models that rely on the monetization of adaptation benefits (the “resilience dividend”). As in many other areas, local-currency lending is also critical for engaging domestic private sector in developing countries by reducing currency risk.

Accreditation as it is currently structured is likely not be suitable for many private sector entities seeking to engage with the GCF. While accreditation may be appropriate for some private entities seeking a long-term, strategic relationship with the GCF, others consider it to be overly cumbersome, especially if they are only seeking to fund one project.

Implications and Recommendations

The private sector is still largely absent from adaptation projects at the GCF; more thinking is required on how the GCF can best promote private-sector engagement on adaptation. The GCF may wish to consider concrete ways to increase engagement and communication with private sector entities. It should also consider accreditations modalities that enable entities (both public and private) to receive accreditation for single projects, but in a way that is consistent with fiduciary, environmental and social, gender, and indigenous peoples policies.

Active outreach on the emerging approaches for private sector engagement in adaptation, including through targeted requests for proposals (RFPs), may help attract more proposals. Approaches include de-risking, venture capital, private equity, risk transfer and insurance,

monetization of the resilience dividend, and local-currency lending. Targeted RFPs designed around each of these themes could help refine these approaches, bring them to scale, and create demonstration/showcase projects that attract further private-sector interest.

Key Takeaways

Adaptation Finance Landscape

- Overall, adaptation priorities identified in NDCs are broadly consistent with the priorities described in GCF country programmes and briefs. Agriculture appears as a key sector-specific focus area in NDCs and GCF country programmes and briefs, though human health is a notable point of divergence among the areas most often cited by NDCs.
- Perhaps unsurprisingly, the GCF's sector-level portfolio composition is largely consistent with the sectoral focus areas indicated in the NDCs. In terms of the sectors and activities supported, as well as the geographic distribution of funds, the GCF portfolio and pipeline are largely consistent with those of other funds.
- It is not clear that the GCF should prioritize any sectors at this stage. Further research may be needed to determine why certain priorities, such as human health, are not appearing in the GCF's project pipeline. In relation to the rest of the adaptation finance landscape, the GCF should evaluate when its scarce resources are best used to fill funding gaps, to scale up what other funds are doing, or to depart for the other funds by investing in more innovative and catalytic actions.

Climate Rationale

- The GCF should not examine proposed activities in isolation from the larger development context, or attempt to draw clear distinctions between adaptation and development. Because the “toolbox” of adaptation activities is similar to that of traditional development, separating adaptation and development is unlikely to be a productive exercise.
- A more practical approach is to establish and define, on the basis of robust analysis and data, the causal connection between the proposed activities and context-specific climate risks, impacts, and vulnerabilities. At present, and unlike most of its peers, the GCF lacks clear standards on how to establish a climate rationale for proposals.
- The GCF should consider adopting a three-step framework for establishing climate rationale, presented in this study, and incorporate it into all relevant policies and guidance. A focus on establishing strong climate rationale will improve transparency in GCF decision-making, set clear expectations in project design, strengthen country ownership, and help support robust adaptation planning.

Readiness and Project Preparation

- The GCF must evaluate how its readiness and project preparation support can most effectively build enabling environments for adaptation. Stakeholders report insufficient clarity on the roles of its different assistance windows and on criteria for what constitutes effective use of readiness resources. The GCF would be well advised to adopt clearer guidelines and criteria on both.

- Stakeholders report insufficient access to experts on both adaptation and the GCF's processes; additional resources are needed. In expanding its pool of external consultants, the GCF could draw on existing adaptation expertise (e.g. the LDC Expert Group and the Adaptation Committee).

Accredited Entities

- The GCF has a diverse pool of accredited entities, but more than a third of accredited entities have not submitted full funding proposals, which raises questions about accreditation strategy and readiness support.
- Also, there is limited use of non-grant instruments, and very few projects employ subnational executing entities. Further research is needed on when non-grant instruments are suitable for adaptation and how best to engage subnational entities in adaptation.

Cost Approaches

- Although incremental costing can help identify the appropriate role of climate finance in certain sectors, there are significant limitations to this approach. Given the diversity of adaptation initiatives that the GCF supports, the GCF would be better served by adopting a set of approaches that can apply in different situations: total activity cost, incremental cost, and beyond incremental cost.
- If the GCF chooses to adopt a set of approaches, it will need to provide guidance on when those different approaches would apply and what proponents would need to demonstrate in connection with each approach; this study provides a starting point on how to do it.

Private Sector

- There is limited private sector engagement on adaptation to date. Less than a fourth of portfolio and pipeline proposals contain private sector considerations and only two private entities have submitted adaptation-related proposals.
- The GCF may wish to consider active outreach on emerging approaches for private sector engagement in adaptation, including through targeted requests for proposals (RFPs), may help attract more proposals. Approaches include de-risking, venture capital, private equity, risk transfer and insurance, monetization of the resilience dividend, and local-currency lending. It may also be useful to consider appropriate ways of accrediting entities for single projects. However, this should not be limited to the private sector.

Annex 1 – Excerpts of Typology

The review of adaptation projects supported by the AF, PPCR, LDCF and GCF is based on a typology that categorizes adaptation interventions into sectors, focus areas, and actions. The list of sectors is based on a framework developed by IISD for by the Adaptation Partnership, which considered sectors and sub-sectors used by the Adaptation Learning Mechanism, Intergovernmental Panel on Climate Change, United Nations Review of Current and Planned Adaptation Action: West Africa Environment Programme, and the Nairobi Work Programme.^{xi} This framework is useful for its comprehensive review of sectors and sub-sectors from authoritative sources. The Adaptation Partnership treats Gender, Governance, Private Sector, and Insurance as sectors. However, since project activities relating to these issues cut across many of the other sectors studied, for analytical purposes they are treated as cross-cutting rather than stand-alone sectors. Thus, the typology includes a cross-cutting category, which includes not only governance, but actions related to project preparation and planning, governance, capacity building, and knowledge management. Further, types of financing schemes, insurance, and private sector activities are included under financial tools and economic activities. The Adaptation Partnership’s “multi-sector” was not used because the objective of the analysis was to disaggregate sectors and activities.^{xii} Gender-focused activities were analyzed separately but requires more qualitative review to draw meaningful conclusions.

The full typology with activities and examples for each focus area is available in the Study.

Sector-specific Focus Areas

- Agriculture (general and crop-specific)
- Livestock
- Forests
- Ecosystems Conservation/Restoration
- Freshwater Fisheries/Aquaculture
- Watershed Management
- Freshwater Supply
- River/Lake Management
- Coastal Zone Management
- Marine Fisheries/Aquaculture
- Tourism
- Energy
- Roads and Transport
- Waste Management
- Urban Areas
- Migration
- Human Health
- Disaster Risk Reduction
- Climate Information

Cross-cutting Focus Areas

- Capacity Building
- Governance
- Knowledge Management
- Project Preparation and Planning
- Financial Tools and Economic Activities
- Gender

Table 4: Excerpt of Typology Activities and Examples

| Sector: Food, Fiber, Forests (management and use of terrestrial natural resources to directly improve human well being) | | |
|---|---|--|
| | Activity | Example |
| Focus Area: Agriculture (Crop-specific) | Climate-resilient seed varieties/systems | <ul style="list-style-type: none"> • Establishment of a tissue culture industry • Input supply chain |
| | Climate-resilient pest management/pest control | <ul style="list-style-type: none"> • Integrated pest management |
| | Promotion of climate-resilient cultivation technologies/methodologies | <ul style="list-style-type: none"> • Transfer of climate resilient agricultural practices • Transfer of climate resilient agricultural technologies • Climate smart agriculture plan • Sustainable/organic alternatives to traditional fertilizers • Pilot innovative practices and technologies for farmers and supply chain members • Provide bamboo-based protective poly houses, along with technical guidance and capacity building, to allow farmers to cultivate high-value vegetables under protected conditions |
| | Soil conservation/rehabilitation/management | <ul style="list-style-type: none"> • Agricultural land rehabilitation |
| | Protective measures for saltwater intrusion/inundation | <ul style="list-style-type: none"> • Bioengineered sea barriers to reduce saltwater intrusion |
| | Post-harvest processing and/or storage | <ul style="list-style-type: none"> • Post-harvest storage facilities with phytosanitary control |
| | Alternative income generating activities | <ul style="list-style-type: none"> • Beekeeping • Biogas digesters |
| | Access to credit | <ul style="list-style-type: none"> • Women saving/credit groups |
| | Market linkages | <ul style="list-style-type: none"> • Improve access to markets and/or large-scale buyers |
| | Create/strengthen livelihoods networks and cooperatives | <ul style="list-style-type: none"> • Strengthen cooperatives • Women enterprise clusters • Organize farmers groups for the acquisition of improved agricultural inputs • Form Collective Marketing Groups at the village level to collect and sell produce at nearest market |

Endnotes

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- i Some of the Adaptation Partnership's sub-sectors were merged for purposes of this review with others because of they shared strong connections between them or overlap. For instance, rather than including a stand-alone fire management focus area, fire management was subsumed under the forests focus area. The ecosystem conservation and ecosystem restoration focus areas were similarly merged, and also captures biodiversity. Additionally, the buildings under the Infrastructure sector has been moved to the disaster risk reduction focus area because proposals support climate proofing buildings to prevent disasters. Trade is captured across other focus areas, such as Tourism and Private Sector Investment. The Adaptation Partnership's "multi-sector" was not used because the objective of the analysis was to disaggregate sectors and activities.
- ii IISD, 2011. The Adaptation Partnership was chaired by Costa Rica, Spain, and the United States and served as a platform to catalyze action and foster communications around scaling up adaptation and resilience initiatives.
- iii The 2011-2014 period for LDCF proposals was selected for its relatively high concentration of proposals compared to more recent years.
- iv Examples include: IPCC, AR 5, Chapter 14, Adaptation Needs and Options; IIED, *Delivering Real Change, Getting International Climate Finance to the Local Level* (2017).
- v WRI analysis of fund reports and UNFCCC biennial assessment, details available in the full Study.
- vi Starting points for literature research include: World Bank, *Economics of Adaptation to Climate Change: Synthesis Report* (2010) and *The Lancet Countdown on health and climate change: from 25 years of inaction to a global transformation for public health*
- vii GCF Concept Note User's Guide, www.greenclimate.fund/documents/20182/239759/GCF_Concept_Note_User_s_Guide.pdf/64866eea-3437-4007-a0e4-01b60e6e463b
- viii In addition to interviews conducted for the Study, in GCF/B.15/10 – Review of the Initial Proposal Approval Process (Dec. 8, 2016), a number of stakeholders identified lack of guidance or policy as problematic. Additionally, the Secretariat stated "the absence of more detailed guidance for the preparation of concept notes and funding proposals" may be impacting the quality of proposals, and "policy gaps and/or inconsistencies are regularly identified during the conduct of the review process." In GCF/B.17/18 – Review of the Initial Proposal Approval Process (July 5, 2017), the Board and the Secretariat both identified policy gaps and inconsistencies as problems.
- ix The Paris Agreement, in Article 7.5, recognizes the importance of taking into consideration vulnerable groups and communities, and makes specific reference to using gender-responsive approaches and respecting the rights and knowledge of Indigenous Peoples. The GCF also has a mandate to promote gender-responsiveness and recently adopted an Indigenous Peoples Policy.
- x GCF B.19/32/Add.01, Final Report from Dalberg on the Initial Review of the Readiness Programme, https://www.greenclimate.fund/documents/20182/953917/GCF_B.19_32_Add.01_-_Readiness_and_Preparatory_Support_Programme__Revised_Work_Programme_for_2018__Addendum_I_Final_report_from_Dalberg_on_the_initial_review_of_the_Readiness_Programme.pdf/e3bdea93-7ff1-42b3-92de-cb2aaafdc05b; GCF B.19/32/Rev.01, Readiness and Preparatory Support Programme: Revised Work Programme for 2018, https://www.greenclimate.fund/documents/20182/953917/GCF_B.19_32_Rev.01_-_Readiness_and_Preparatory_Support_Programme__Revised_work_programme_for_2018.pdf/74f06371-071f-47f4-bfa1-6c377790e9e6.
- xi IISD, 2011; Zubrycki K, Crawford A, et al., 2011.
- xii It should be noted that some sub-sectors were merged with others because of strong connections between them. For instance, rather than including a stand-alone fire management sub-sector, fire management was subsumed under the forests sub-sector. The ecosystem conservation and ecosystem restoration sub-sectors were merged. Additionally, the buildings sub-sector under the Infrastructure sector has been moved to the disaster risk reduction sector because proposals support climate proofing buildings to prevent disasters.