



**Conference of the Parties serving as the
meeting of the Parties to the Kyoto Protocol
Eighteenth session**

United Arab Emirates, 30 November to 12 December 2023
Item 7 of the provisional agenda
Matters relating to the Adaptation Fund

**Conference of the Parties serving as the
meeting of the Parties to the Paris Agreement
Fifth session**

United Arab Emirates, 30 November to 12 December 2023
Item 10(d) of the provisional agenda
**Matters relating to finance
Matters relating to the Adaptation Fund Board**

Report of the Adaptation Fund Board

Note by the Chair of the Adaptation Fund Board

Addendum

The addendum to the report¹ of the Adaptation Fund Board to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eighteenth session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fifth session covers the period from 1 July to 13 October 2023. The text is reproduced in the annex as received from the Adaptation Fund Board on 14 November 2023.

¹ Contained in document FCCC/KP/CMP/2023/2–FCCC/PA/CMA/2023/6.



Annex

Addendum to the report of the Adaptation Fund Board

I. Background

1. This addendum to the report of the Adaptation Fund Board (the Board) at the eighteenth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP 18) and at the fifth session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA 5) provides an update to the CMP and the CMA on progress made by the Board during the period from 1 July 2023 to the forty-first meeting of the Board which ended on 13 October 2023. Milestones achieved are summarized in the next sections.

II. Election of the Chair and Vice-Chair of the Board

2. At its thirty-ninth meeting the Board had elected by consensus Antonio Navarra (Italy, Western European and Other States) as its Chair, followed by the intersessional election of Lucas di Pietro (Argentina, Non-Annex I Parties) as its Vice-Chair. At its forty-first meeting the Board elected by consensus Lucas di Pietro (Argentina, Non-Annex I Parties) as the Chair of the Board for the term of office commencing at its first meeting in 2024, and decided to elect the Vice-Chair of the Board during the intersessional period.

III. Changes in the composition of the Board

3. During the reporting period, the Board appointed Ms. Frida Jangsten (Sweden, Western European and Other States) as a member replacing Mr. Mattias Broman (Sweden, Western European and Other States).

IV. Resources in the Adaptation Fund Trust Fund

4. As at 30 September 2023, the trustee had sold 34.4 million Fund Certified Emission Reduction (CER) units at an average price of USD 6.3, generating revenues of USD 215.1 million. Receipts from the monetization of CERs amounted to USD 0.2 million during the 3-month period from 1 July 2023 to 30 September 2023. As at 30 September 2023, 12.3 million CERs were still available to be sold, in accordance with the CER monetization guidelines adopted by the Board. The Board has instructed the trustee to transfer USD 692.4 million to implementing entities to date. In addition, the Fund had a 1.18 million balance of Assigned Amount Units (AAUs), to potentially complement its resources.

5. Funds available for new funding approvals amounted to USD 405.8 million as at 30 September 2023.

V. Accreditation of implementing entities

6. During the intersessional period between the fortieth and forty-first meetings of the Board and as per the Fund's re-accreditation policy, the Board approved the request for an extension of grace period for achieving re-accreditation for Ministry of Planning and International Cooperation (MoPIC) of Jordan which is valid until 13 January 2024. This is aligned with an earlier decision by the Board to extend the date of completion of MoPIC's project financed by the Fund, "Increasing the resilience of poor and vulnerable communities to climate change".

7. The fortieth meeting of the Panel was held on 5–6 September 2023 and was chaired by the Chair of the Panel, Ms. Patience Damptey (Ghana, Africa). In addition to the reviews

of 15 accreditation applications and 14 re-accreditation applications, the Accreditation Panel considered and discussed the following matters:

- (a) Update on the intersessional meetings of the Accreditation Panel Experts held between the thirty-ninth and the fortieth meetings of the Panel;
- (b) Lessons learned from national financial institutions and trust funds in providing climate adaptation;
- (c) Update on the review of the Fund’s Environmental and Social Policy (ESP);
- (d) Update on the re-accreditation process and matters related to Quality at Entry and Project Performance Review;
- (e) Lessons learned from the UNFCCC Needs-based Finance (NBF) Workshops and ongoing engagement with UN4NAPS; and
- (f) Readiness support for (re)accreditation under the Medium-Term Strategy (MTS 2023–2027).

8. At the forty-first meeting of the Board, the Board approved the fast-track re-accreditation of the Ministry of Finance and Economic Management (MFEM) of Cook Islands as an NIE of the Fund (Decision B.41/1). In line with Decision B.34/46, paragraph (d), the Board through Decision B.41/2, also requested the secretariat to assess, in collaboration with the Accreditation Panel, the accreditation framework of the GCF, including a gap analysis, and present the results of its assessment to the Board at its forty-second meeting.

VI. Adaptation Fund Board committees

9. At its thirtieth meeting the Ethics and Finance Committee (EFC) considered and made recommendations to the Board on the following items: the annual performance report for fiscal year 2023; the report of the Chair of the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG), the approach to the new multi-year work programme of the AF-TERG, and the rapid evaluation of the Fund; the management response to the rapid evaluation; the review of implications and options for evaluation costs and evaluation budget guidance; the update on implications of the fiduciary issues related to the United Nations Development Programme; and the request for a revision of the legal agreement.

10. During the reporting period, in the review cycle in the intersessional period between the fortieth and forty-first meetings of the Board, the Project and Programme Review Committee (PPRC) had approved one waitlisted single-country fully-developed project proposal and one waitlisted one regional fully-developed project.

11. At its thirty-second meeting, the Project and Programme Review Committee (PPRC) recommended the approval of four concrete fully-developed single-country project proposals and the rejection of one fully-developed regional project proposal. It also recommended the endorsement of four single-country project concepts, one regional concept note and one regional pre-concept note. The PPRC also recommended the approval of one fully-developed enhanced direct project and two Adaptation Fund Climate Investment Accelerator (AFCIA) grants proposals. The PPRC also discussed and conveyed to the Board its recommendations to invite one MIE to submit a revised proposal to provide co-ordination services for AFCIA and approved revisions to the review cycle for readiness grants. Additionally, the PPRC also discussed and conveyed to the Board its recommendation to approve the adjustment of implementation fees and execution costs for harmonizing the costs and fees across different windows. The PPRC recommended to the Board to maintain piloting the rolling-basis submission process.

VII. Funding decisions on adaptation projects and programmes

12. During the two review cycles, the Board approved one and four single-country proposals for funding for a total amount of USD 10.00 million and USD 32.92 million,

respectively. The Board also approved one regional fully-developed proposal for funding for a total amount of USD 13.99 million. The Board also approved one enhanced direct access fully-developed proposal for an amount of USD 5.00 million, and two grant proposals under the AFCIA for a total amount of USD 20.00 million. The Parties whose single-country proposals were approved for funding are Central African Republic, Lao People’s Democratic Republic, Libya, Montenegro and Peru. The Parties included in regional proposals that were approved for funding under the funding window for regional projects and programmes are Côte d’Ivoire and Ghana.

13. In addition to the funding decisions referred to in paragraph 12 above, the Board endorsed four single-country project concepts at its forty-first meeting, for Bangladesh, Honduras, Pakistan and Uruguay, respectively, for a total amount of USD 33.99 million.

14. The sectors represented in the approved fully-developed proposals and endorsed concepts include agriculture, coastal management, food security, rural development, urban development, water management, and multisectoral projects.

VIII. Implementation of the second Medium-Term Strategy (2023– 2027)

15. Following the successful conclusion of the Fund’s first Medium-Term Strategy (MTS) for the period 2018 to 2022, the Board has started implementing the Fund’s second MTS for the period 2023 to 2027 (MTS 2023–2027), which has been adopted at the Board’s thirty-ninth meeting, in line with the second MTS implementation plan approved at the Board’s fortieth meeting.

16. In the reporting period, the Board has made progress on implementing the Fund’s second MTS (2023–2027) by considering and approving further proposals under the MTS funding windows on innovation, learning and sharing, and enhanced direct access, and by further expanding the innovation pillar.

17. The Board considered and approved an enhanced direct access project in Belize implemented by the Protected Areas Conservation Trust (PACT) and two AFCIA proposals to be implemented by the United Nations Industrial Development Organization (UNIDO) and World Food Programme (WFP).

18. Further on innovation for adaptation, the Board at its forty-first meeting invited the United Nations Environment Programme (UNEP) to submit a revised proposal to provide co-ordination services for the AFCIA partnership for consideration by the Board at its forty-second meeting. The Board considered the document on the ‘Terms of reference for the establishment of the Adaptation Fund Technical Advisory Body on innovation’ at its forty-first meeting, and requested the secretariat, in consultation with the Innovation Task Force, to undertake an analysis of the current needs for external support for advisory services for innovation, taking into account the developments and progress under the MTS 2023–2027 and its implementation plan; present options for supporting any such needs and report to the PPRC at its thirty-third meeting.

19. The Board also made progress under its strategic pillar of learning and sharing by continuing to inform and advance global knowledge and processes on effective adaptation based on lessons from the Fund portfolio at the local level. During the reporting period, the following knowledge and learning activities and products were carried out:

(a) A study on “The role of national financial institutions and trust funds in providing climate adaptation – lessons learned from the Adaptation Fund”. The study provides an overview of the role financial entities can have in channelling climate finance, presents an assessment of the seven Fund NIEs identified for this study, and draws lessons learned from their experience.

(b) A training course on “Enhanced direct access” grants aimed at increasing understanding among national implementing entities on the review criteria, eligibility, and characteristics of enhanced direct access grants with the final purpose of submitting

successful proposals. The course is self-paced and is available in English, Spanish and French.

(c) A second study on “Strengthening resilience through disaster risk reduction and early warning systems”. The study offers an overview of the Fund’s experience and lessons learned on disaster risk reduction and early warning systems interventions in strengthening long-term resilience to climate change, including case studies from across the portfolio.

(d) A study close to completion on climate change adaptation in fragile and conflict-affected countries. The study presents an overview of the Fund’s experience and lessons learned from addressing climate change adaptation and strengthening long-term resilience to climate change in fragile and conflict-afflicted countries.

(e) A side event during the Adaptation Futures 2023 Conference in Montreal, Canada in October 2023 on the Fund’s impact and results in climate adaptation, particularly as it relates to locally led action.

(f) Project Monitoring Mission (PMM) held in Peru in the week of October 16– 20, 2023 for “Adaptation to the Impacts of Climate Change on Peru’s Coastal Marine Ecosystem and Fisheries” project implemented by Profonanpe with participation of the NIEs and executing entities involved in the project.

(g) Participation in the RedLAC Congress held in Cusco, Peru from October 23– 26, 2023 to share lessons on Monitoring & Evaluation and Knowledge Management tools for scale-up and replicability.

20. Under the second MTS, the Fund continued to advance its work on the crosscutting theme of gender equality and the empowerment of women and girls. In terms of gender balance in the composition of the Board, seven seats are held by women compared to 18 occupied by men (seven seats are vacant) as of October 2023. The annual performance report for the fiscal year 2023 of the Fund, in its gender dedicated section, reported on the Fund’s gender work during fiscal year 2023. The pilot phase of the application of the Fund’s gender scorecard has continued with a view to contributing to the Fund’s efforts in enhancing monitoring of the implementation of its gender policy across its project and programme portfolio through facilitating data and information collection and analysis. To help strengthen implementing entities’ capacity to integrate gender considerations into the Fund supported projects and programmes, a gender training which included an interactive gender case study exercise was held at the annual NIE seminar in September 2023. The secretariat started developing an e-course on gender mainstreaming in climate adaptation projects which is expected to be finalized and launched by early 2024.

21. Following the EFC’s recommendation on the rapid evaluation of the Adaptation Fund conducted by the AF-TERG and the management response prepared by the secretariat, the Board at its forty-first meeting took note of its findings. Overall, the rapid evaluation found that:

(a) The Fund effectively aligns with national and local climate adaptation strategies;

(b) Its policies prioritize vulnerable groups and needs of eligible countries; and

(c) The Fund’s role is well-defined in the second MTS, building on the first MTS recommendations.

22. The evaluation also identified areas for improvement including needs to expedite progress on innovation, learning and scalability targets, and private sector involvement. The Board also requested the secretariat to prepare, in consultation with the AF-TERG, an action plan to respond to the findings arising from the rapid evaluation, for consideration by the Board during the intersessional period between the forty-first and forty-second meetings of the Board.

IX. Readiness Programme for Climate Finance

23. Under the second MTS (2023–2027), the Fund’s Readiness Programme supports developing countries with readiness and capacity-building support across all strategic pillars of action, innovation and learning and sharing. During the reporting period, the following activities were carried out under the readiness programme:

(a) The Board approved one Readiness Package Grant proposal for support for accreditation and decided to extend the review cycle period for Readiness grants and invite the implementing entities of the Fund to submit responses to the initial technical review within two weeks of receiving the initial technical review. The Board also requested the secretariat to prepare an analysis on the possibility of broadening the scope, eligibility criteria and type of technical assistance grants available to national and regional implementing entities, and to present the report at the thirty-third meeting of the PPRC.

(b) The Fund organized the 2023 Annual NIE Seminar in Santo Domingo, Dominican Republic from 12–15 September 2023 with more than 60 participants representing 21 of the 32 accredited NIEs of the Fund. The seminar provided a platform for entities to discuss monitoring and evaluation of ecosystem-based interventions/adaptation actions, enhancing access to climate finance under the Fund’s new funding windows, mainstreaming of environmental, social, and gender issues in adaptation projects and programmes, project innovations, and project performance report submissions.

(c) The secretariat participated at the Global Environment Facility (GEF) Eastern Europe and Central Asia expanded Constituency workshop (ECW) in Macedonia from 2–5 October 2023. The secretariat used this opportunity to reach out to the developing countries in the region, including the Designated Authorities (DAs) of the Fund.

X. Operational linkages and relations with institutions under the Convention

24. At its forty-first meeting of the Board, the Board considered an oral update by its secretariat, as part of the report on the secretariat activities, on the potential linkages between the Fund and the Green Climate Fund, including the Annual Dialogue on climate finance delivery channels, the pilot of scaling-up approach between the Fund and the GCF, jointly supporting the community of practice for direct access entities (CPDAE), and the discussion on the complementarity between the Fund and GCF on matters related to accreditation. In accordance with the Board decision B.40/74 requesting the secretariat to update the Board only annually, there has been no written report during the reporting period.

25. The Fund continued pursuing active engagement with other climate funds. During the reporting period, the secretariats of the Fund and the GCF have advanced the implementation of the structured common approach to further operationalize the potential for scaling up and replications in their portfolio of projects and programmes. A total of 4 projects (Belize, Cambodia, Ecuador and South Africa) have advanced in the scaling up process with the project in Belize expected to receive funding support in the form of project preparation facility from the GCF by the end of 2023. In addition, both secretariats have continued their support to the CPDAE with a GCF readiness funding approved in December 2021 and implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) as the delivery partner for a total amount of EUR 991,000. The support by the Fund will continue on areas related to communication, outreach for 2023 as well as annual CPDAE meeting scheduled at COP28 in Dubai, United Arab Emirates (UAE).

26. The Fund has also continued its engagement with the other climate funds in the context of preparation for the COP28, including:

(a) Participation in a joint climate funds pavilion,

(b) (A joint climate funds side event on “The role of the Climate Funds in supporting developing countries” convening the heads of the four multilateral climate funds

(AF, GEF, GCF and CIFs) to discuss the role of the funds in supporting climate action and how they intend to strengthen their collaboration to increase access to climate finance, and

(c) A joint declaration by the heads of the climate funds on their effort to enhance complementarity and coherence.

27. The Fund continued its collaboration with the Adaptation Committee (AC). A representative of the secretariat participated to the 24th AC meeting and the Manager of the secretariat met with the AC's new Co-chair. As inputs into the ongoing work of the AC for identifying concrete activities to reduce duplication, address gaps and promote synergies, the Fund reported on its active participation in the UN4NAPs initiative and in the training under the UNFCCC NBF programme. A representative of the secretariat attended the Korea Global Adaptation Week 2023 held from 28 August to 1 September 2023 in Songdo, the Republic of Korea, participating in the session of the Regional NAP EXPO for Asia and the Pacific, the Regional UN4NAPs Forum for Asia and the Pacific, as well as the AC Workshop.

XI. Technical Evaluation Reference Group of the Adaptation Fund

28. Prior to the thirty-second meeting of the EFC, the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) completed the development of the second set of guidance documents related to the Evaluation Policy for the Fund. The Chair of the AF-TERG presented the documents and provided a report on this work to the EFC at its thirty-second meeting in October 2023.

29. The AF-TERG also presented the report on the Rapid Evaluation of the Adaptation Fund, which represents Phase I of the Comprehensive Evaluation of the Fund. This was followed by a management response by the Board Secretariat. The Board took note of the Rapid Evaluation and invited the AF-TERG to start the preparation of the terms of reference for the Comprehensive Evaluation of the Fund.

30. During the thirty-second meeting of the EFC, the Chair of the AF-TERG also presented an approach paper to the next multi-year work programme of the AF-TERG for fiscal years 2025–27. The Chair emphasized that the new work programme will be developed in a consultative manner and fully aligned with the Fund policies and strategies, including the MTS 2 and the Evaluation Policy. The Board took note of the presented document and invited the AF-TERG to proceed with the development of the next multi-year work plan, which is planned to be presented to EFC at its thirty-third meeting in March 2023.

XII. Implementation of the Resource Mobilization Strategy

31. The Board further implemented its resource mobilization strategy and action plan for the period 2022–2025 that was approved at its thirty-ninth meeting, and its 2023 resource mobilization target that was approved at its fortieth meeting. At its forty-first meeting, the Board considered the report on the activities of the secretariat, which included a report on the AF resource mobilization for the year 2023 in relation to the target for 2023 of:

(a) An amount of USD 300 million for 2023; and

(b) A higher number of contributors than the previous year. The Fund will organize its annual high-level Contributor Dialogue for 2023, which will be hosted by the Government of the UAE during the COP 28.

XIII. Enhanced civil society engagement

32. The Board, at its forty-first meeting, considered the draft Adaptation Fund Vision and Guidelines for Enhanced Civil Society Engagement, including options for establishing the status of active civil society observers, which were prepared by the secretariat taking into account the recommendations by the Adaptation Fund Civil Society Network and practices

of other climate funds. The Board decided to continue its discussion on the matter at its forty-second meeting.

XIV. Carbon footprint of the Fund

33. The Board, at its forty-first meeting, considered options for reducing the carbon footprint of the Adaptation Fund, which targeted both the Fund's administrative functions and the Fund's projects and programs. The Board decided to continue its discussion on the matter at its forty-second meeting.

XV. Independent review of the Environment and Social Policy (ESP) and its proposed update

34. In response to the mandate from decision 5/CMP.17, paragraph 15, in which the CMP requested the Board to review and update the environmental and social policy (ESP) of the Fund, as needed, an independent technical review of the ESP was conducted by an independent environmental and social safeguard expert, and the Board secretariat launched stakeholder surveys on the ESP targeting the Board, implementing entities, designated authorities and the Adaptation Fund Civil Society Organization Network. At its forty-first meeting the Board considered and discussed the outcome of the independent technical review and the results of the stakeholder surveys. Some members of the Board appreciated the comprehensive review of the ESP and supported the update of the ESP, while reiterating the importance of considering the Fund's unique features and operational framework when the ESP is updated. Others, however, were of the view that the current ESP provides adequate policy framework, as demonstrated through the surveys, particularly from the implementing entities, and therefore the ESP would not necessarily need to be updated. Consequently, the Board decided to continue its consideration on the possibility of updating the ESP at the forty-second meeting, recalling decision 5/CMP.17, paragraph 15, and requested the secretariat to prepare a background note taking into account the Board's discussions at the forty-first meeting, the independent review of the ESP and the results of the stakeholder surveys contained in annexes 1 and 2 to document AFB/B.41/7, respectively.

XVI. Options for a policy on safeguarding against sexual exploitation and abuse and sexual harassment (SEAH)

35. In response to the mandate from decision 18/CMA.4, paragraph 21 and decision 4/CMP.17, paragraph 13 where the Board is requested to adopt a policy on safeguarding against sexual exploitation and abuse and sexual harassment, the Board considered, at its forty-first meeting, a document prepared by its secretariat which contains an overview of contemporary institutional commitments and policies to safeguard against SEAH and options for a policy on safeguarding against SEAH for the Fund. While some members of the Board supported the initiative of developing a policy on safeguarding against SEAH, others were of the view that further consultations and discussions are required with stakeholders, including implementing entities, on this matter. Accordingly, the Board decided to continue its consideration of options for responding to the mandate to adopt a policy on safeguarding against SEAH contained in decision 4/CMP.17, paragraph 13 and decision 18/CMA.4, paragraph 21, and requested the secretariat to support the Board's consideration by preparing a background note which includes elaboration of definitions and their application as well as potential approach and process to respond to the mandate to adopt a policy on safeguarding against SEAH, taking into account the Board's discussions at the forty-first meeting.

XVII. Status of preparation of the arrangements for the transition of the Adaptation Fund from the Kyoto Protocol to the Paris Agreement, and Status of development of a strategy on monetization of Article 6, paragraph 4, emission reductions (A6.4ERs)

36. In response to decision B.40/80 regarding the arrangements for the transition of the Fund from the Kyoto Protocol to the Paris Agreement, the Board secretariat has continued consultations with the secretariat of the UNFCCC, the World Bank as the interim trustee and other relevant stakeholders with a view to the timely preparation of the arrangements for the transition of the Fund from the Kyoto Protocol to the Paris Agreement and the timely development of a strategy on monetization of Article 6, paragraph 4, emission reductions (A6.4ERs) which was mandated by decision B.40/80, paragraph 80(c). At its forty-first meeting, the Board considered and discussed:

- (a) Terms and conditions of the trustee services to be provided by the World Bank as the interim trustee;
- (b) Institutional arrangement (Memorandum of Understanding, MoU) with the GEF for secretariat services to the Board;
- (c) Rules of procedure of the Board;
- (d) Operational policies and guidelines for Parties to access resources from the Fund;
- (e) Strategic priorities, policies, and guidelines of the Fund; and
- (f) Strategy on monetization of A6.4ERs.

37. The Board was reminded that:

- (a) The Fund shall exclusively serve the Paris Agreement and shall no longer serve the Kyoto Protocol once the share of proceeds under Article 6, paragraph 4 of the Paris Agreement becomes available;
- (b) The Fund is still in transitional period during which the Fund serves both the Kyoto Protocol and the Paris Agreement, and the Fund and Board remain under the authority of the CMP while they remain under the guidance and accountable to the CMA with respect to all matters relating to the Paris Agreement; and
- (c) The development of the Paris Agreement Article 6.4 mechanism is closely linked to the Fund transition.

38. The Board took note of the oral report made by a representative of the UNFCCC secretariat on the status of the work of the supervisory body for Article 6.4 mechanism under the Paris Agreement and expected actions on the certified emission reductions from the Fund share of proceeds at the Clean Development Mechanism (CDM). The Board also took note of the comments from the trustee on the implications of the transition of the Fund and development of a strategy on monetization of A6.4ERs.

39. Following the discussions, the Board decided to request the Board secretariat:

- (a) To continue consultations with the secretariat of the UNFCCC, the trustee and any other relevant stakeholders with a view to preparing the arrangements for the transition of the Fund from the Kyoto Protocol to the Paris Agreement, as per decision 1/CMP.14 and decision 13/CMA.1, and report on the status of the work to the Board at its forty-second meeting; and
- (b) To prepare draft amendments to the MoU regarding secretariat services, the rules of procedure, the operational policies and guidelines for Parties to access resources from the Fund, and the strategic priorities, policies and guidelines in the context of the transition of Fund from the Kyoto Protocol to the Paris Agreement and report on the status of the work to the Board at its forty-second meeting.

40. The Board also requested the Board secretariat and the trustee to continue consultations with the secretariat of the UNFCCC and any other relevant stakeholders with a view to the timely development of a new terms and conditions for the trustee services and a strategy on monetization of Article 6, paragraph 4, emission reductions (A6.4ERs) and to report on the status of the work to the Board at its forty-second meeting.

XVIII. Response to request by CMP 17 to include in report to CMP 18 information on aggregated actual results of projects and programmes funded by the AF

41. At its seventeenth session, CMP requested that the Board include in its annual report to CMP at its eighteenth session, information on aggregated actual results of projects and programmes funded by the Fund, in particular across the five core indicators of the Fund, accompanied by qualitative analysis of successes, challenges and lessons learned.

42. In addition to information included in the Fund’s annual performance report (APR) for 2023 on aggregated results for completed projects, the secretariat has prepared a comprehensive report as contained in Annex III of this report, on aggregated actual results of projects and programmes funded by the Fund, including the Fund’s five core indicators and a qualitative analysis of successes, challenges and lessons learned.

43. The secretariat has aggregated the actual results achieved by the projects that have reached completion as of June 30, 2023, and presented results for the five core indicators. A total of 35 projects have reached completion as of June 30, 2023, for which actual results for four core indicators have been aggregated including:

- (a) A total 13.2 million beneficiaries of which 3.4 million direct and 9.4 million indirect beneficiaries;
- (b) A 255 early warning systems installed at local and regional levels;
- (c) 89 policies introduced or adjusted to address climate change risks;
- (d) 1.5 million hectares of natural habitats created, protected or rehabilitated/restored; and
- (e) 24,757 meters of coastline protected.

44. Similar to information provided in APRs, the Fund has not been able to aggregate actual results for two core indicators including:

- (a) Avoided decrease in income/ increase in income; and
- (b) Assets produced, developed or strengthened. Such limitation is due to that the fact that only a few projects align with these indicators due to the practical challenges associated with baseline data availability and exogenous factors to be considered when measuring the real impact of the intervention for these types of indicators.

45. In addition, the aggregation of “assets produced” has been challenging due to different metrics used by project implementers on the ground. These shortcomings are being addressed as part of the revisions to the Fund’s strategic results framework currently being undertaken.

XIX. Recommendations for actions by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its seventeenth session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session

46. The CMP and CMA may wish to take note of the information contained in this addendum to the report of the Adaptation Fund Board to the CMP at its eighteenth session and to the CMA at its fifth session

Annex I

Project funding approvals by the Adaptation Fund Board between 1 July and 13 October 2023

Figure 1

Project-related funding decisions made during the intersessional period between the 40th and 41st meetings of the Adaptation Fund Board
(United States dollars)

| <i>1. Full Proposals: Single-country</i> | <i>Country</i> | <i>IE</i> | <i>PPRC Document number</i> | <i>NIE funding, USD</i> | <i>RIE funding, USD</i> | <i>MIE funding, USD</i> | <i>Recommendation</i> | <i>Funding set aside, USD</i> |
|--|-------------------------|------------|-----------------------------|-----------------------------|-------------------------|-----------------------------|-----------------------|-----------------------------------|
| MIE | | | | | | | | |
| | Montenegro | IFAD | N/A | | | 10,000,000 | Approve | 10,000,000 |
| Sub-total, USD | | | | | | 10,000,000 | | 10,000,000 |
| <i>2. Full Proposals: Regional</i> | <i>Region/Countries</i> | <i>IE</i> | <i>PPRC Document number</i> | <i>NIE funding, USD</i> | <i>RIE funding, USD</i> | <i>MIE funding, USD</i> | <i>Recommendation</i> | <i>Funding set aside, USD</i> |
| MIE | | | | | | | | |
| | Cote d'Ivoire, Ghana | UN-Habitat | N/A | | | 13,991,159 | Approve | 13,991,159 |
| Sub-total, USD | | | | | | - | | 13,991,159 |
| GRAND TOTAL | | | | | | 23,991,159 | | 23,991,159 |

Figure 2
Project-related funding decisions made at the 41st meeting of the Adaptation Fund Board
 (United States dollars)

| <i>1. Full Proposals: Single-country</i> | <i>Country</i> | <i>IE</i> | <i>PPRC Document number</i> | <i>NIE funding, USD</i> | <i>RIE funding, USD</i> | <i>MIE funding, USD</i> | <i>Technical Recommendation</i> | <i>Funding set aside, USD</i> |
|---|-----------------------------|------------|-----------------------------|-----------------------------|-----------------------------|-------------------------|-------------------------------------|-----------------------------------|
| RIE | | | | | | | | |
| | Peru | CAF | AFB/PPRC.32/4 | | 5,361,666 | | Approve | 5,361,666 |
| MIE | | | | | | | | |
| | Central African Republic | IFAD | AFB/PPRC.32/5 | | | 10,000,000 | Approve | 10,000,000 |
| | Lao PDR | UN Habitat | AFB/PPRC.32/6 | | | 7,561,131 | Approve | 7,561,131 |
| | Libya | IFAD | AFB/PPRC.32/7 | | | 9,995,758 | Approve | 9,995,758 |
| Sub-total, USD | | | | | 5,361,666 | 27,556,889 | | 32,918,555 |
| <i>2. Concepts: Single- country</i> | <i>Country</i> | <i>IE</i> | <i>PPRC Document number</i> | <i>NIE funding, USD</i> | <i>RIE funding, USD</i> | <i>MIE funding, USD</i> | <i>Decision</i> | <i>Funding set aside, USD</i> |
| NIE | | | | | | | | |
| | Honduras | CASM | AFB/PPRC.32/8 | 4,000,000 | | | Endorse | - |
| RIE | | | | | | | | |
| | Bangladesh | ICIMOD | AFB/PPRC.32/9 | | 9,999,929 | | Endorse | - |
| | Pakistan | ICIMOD | AFB/PPRC.32/11 | | 9,995,275 | | Endorse | - |
| | Uruguay | CAF | AFB/PPRC.32/10 | | 10,000,000 | | Endorse | - |
| Sub-total, USD | | | | | 4,000,000 | 29,995,204 | | - |
| <i>3. Project Formulation Grants (PFG): Single- country</i> | <i>Country</i> | <i>IE</i> | <i>PPRC Document number</i> | <i>NIE funding, USD</i> | <i>RIE funding, USD</i> | <i>MIE funding, USD</i> | <i>Decision</i> | <i>Funding set aside, USD</i> |
| NIE | | | | | | | | |
| | Honduras | | AFB/PPRC.32/8/Add.1 | 50,000 | | | Approve | 50,000 |
| Sub-total, USD | | | | | 50,000 | - | - | 50,000 |

| <i>4. Full Proposals: Regional</i> | <i>Region/Countries</i> | <i>IE</i> | <i>PPRC Document number</i> | <i>NIE funding, USD</i> | <i>RIE funding, USD</i> | <i>MIE funding, USD</i> | <i>Decision</i> | <i>Funding set aside, USD</i> |
|---|-------------------------|------------|-----------------------------|-----------------------------|-----------------------------|-------------------------|-----------------|-----------------------------------|
| MIE | | | | | | | | |
| | Azerbaijan, Iran | UN Habitat | AFB/PPRC.32/12 | | | 14,000,000 | Reject | 0 |
| Sub-total, USD | | | | - | - | 14,000,000 | | - |
| <i>5. Concepts: Regional</i> | <i>Region/Countries</i> | <i>IE</i> | <i>PPRC Document number</i> | <i>NIE funding, USD</i> | <i>RIE funding, USD</i> | <i>MIE funding, USD</i> | <i>Decision</i> | <i>Funding set aside, USD</i> |
| MIE | | | | | | | | |
| | Angola, Namibia | IFAD | AFB/PPRC.32/13 | | | 14,000,000 | Endorse | 0 |
| Sub-total, USD | | | | - | 14,000,000 | - | | - |
| <i>6. Project Formulation Grants (PFG): Regional Concepts</i> | <i>Region/Countries</i> | <i>IE</i> | <i>PPRC Document number</i> | <i>NIE funding, USD</i> | <i>RIE funding, USD</i> | <i>MIE funding, USD</i> | <i>Decision</i> | <i>Funding set aside, USD</i> |
| MIE | | | | | | | | |
| | Angola, Namibia | IFAD | AFB/PPRC.32/13/Add.1 | | | 50,000 | Approve | 50,000 |
| Sub-total, USD | | | | - | - | 50,000 | | 50,000 |
| <i>7. Pre-concepts: Regional</i> | <i>Region/Countries</i> | <i>IE</i> | <i>PPRC Document number</i> | <i>NIE funding, USD</i> | <i>RIE funding, USD</i> | <i>MIE funding, USD</i> | <i>Decision</i> | <i>Funding set aside, USD</i> |
| MIE | | | | | | | | |
| | Malaysia, Philippines | UNIDO | AFB/PPRC.32/14 | | | 13,779,500 | Endorse | 0 |
| Sub-total, USD | | | | - | - | 13,779,500 | | - |

| 8. Project Formulation Grants (PFG) Pre-concepts: Regional | Region/Countries | IE | PPRC Document number | NIE funding, USD | RIE funding, USD | MIE funding, USD | Decision | Funding set aside, USD |
|--|-----------------------|-------|----------------------|------------------|-------------------|-------------------|----------|------------------------|
| MIE | | | | | | | | |
| | Malaysia, Philippines | UNIDO | AFB/PPRC.32/14/Add.1 | | | 20,000 | Approve | 20,000 |
| Sub-total, USD | | | | - | - | 20,000 | | 20,000 |
| TOTAL (1+2+3+4+5+6+7+8) | | | | 4,050,000 | 35,356,870 | 69,406,389 | | 33,038,555 |
| 9. Full Proposal: Enhanced Direct Access | Region/Countries | IE | PPRC Document number | NIE funding, USD | RIE funding, USD | MIE funding, USD | Decision | Funding set aside, USD |
| NIE | | | | | | | | |
| | Belize | PACT | AFB/PPRC.32/16 | 5,000,000 | | | Approve | 5,000,000 |
| Sub-total, USD | | | | 5,000,000 | - | - | | 5,000,000 |
| TOTAL (9) | | | | 5,000,000 | - | - | | 5,000,000 |
| 10. AFCIA Grant Proposals | Region/Countries | IE | PPRC Document number | NIE funding, USD | RIE funding, USD | MIE funding, USD | Decision | Funding set aside, USD |
| MIE | | | | | | | | |
| | Global | WFP | AFB/PPRC.32/19 | | | 10,000,000 | Approve | 10,000,000 |
| | Global | UNIDO | AFB/PPRC.32/20 | | | 10,000,000 | Approve | 10,000,000 |
| Sub-total, USD | | | | - | - | 20,000,000 | | 20,000,000 |
| TOTAL (10) | | | | - | - | 20,000,000 | | 20,000,000 |
| GRAND TOTAL (1+2+3+4+5+6+7+8+9+10) | | | | 9,050,000 | 35,356,870 | 89,406,389 | | 58,038,555 |

Annex II

Active pipeline as of 13 October 2023

Figure 3

Active pipeline of projects and programmes considered by the Board during the 12 months preceding 13 October 2023 but not yet approved by the Board.

(United States dollars)

| <i>Full proposals: Single Country</i> | <i>Countries</i> | <i>Implementing Entity</i> | <i>Financing Requested (USD)</i> |
|---------------------------------------|-------------------------|----------------------------|----------------------------------|
| NIE | | | |
| | Armenia | EPIU | 3,780,513 |
| | Belize | PACT | 4,000,000 |
| | Benin | FNEBJ | 2,934,545 |
| | Panama | FNCO | 10,000,000 |
| | Rwanda | MOE, Rwanda | 10,000,000 |
| | Uganda | MOWE | 2,249,000 |
| | Zimbabwe | EMA | 4,989,000 |
| RIE | | | |
| | Fiji | SPC | 5,764,000 |
| MIE | | | |
| | Cambodia | UNHAB | 10,000,000 |
| | Georgia | IFAD | 9,846,766 |
| | Nicaragua | WFP | 10,000,000 |
| | Philippines | UNIDO | 7,432,196 |
| | Zambia | IFAD | 10,000,000 |
| Sub-total, USD | | | 90,996,020 |
| <i>Concepts: Single Country</i> | <i>Countries</i> | <i>Implementing Entity</i> | <i>Financing Requested (USD)</i> |
| NIE | | | |
| | Honduras | CASM | 4,000,000 |
| | Armenia | EPIU | 4,472,630 |
| | Indonesia | Kemitraan | 993,081 |
| | Indonesia | Kemitraan | 998,739 |
| | Indonesia | Kemitraan | 977,939 |
| | Indonesia | Kemitraan | 999,226 |
| | Indonesia | Kemitraan | 996,633 |
| | Indonesia | Kemitraan | 970,504 |
| | Indonesia | Kemitraan | 960,225 |
| | Indonesia | Kemitraan | 999,984 |
| | Mexico | IMTA | 8,000,000 |
| | Peru | PROFONANPE | 5,465,145 |
| RIE | | | |
| | Chad | OSS | 10,000,000 |
| | Egypt, Arab Republic of | OSS | 8,000,000 |
| | Mauritania | OSS | 10,000,000 |

| | | | |
|-----------------------|------------------------|--------|--------------------|
| | Uruguay | CAF | 10,000,000 |
| MIE | | | |
| | Bangladesh | ICIMOD | 9,999,929 |
| | Bosnia and Herzegovina | IFAD | 10,000,000 |
| | Fiji | WMO | 5,560,000 |
| | Grenada | IFAD | 10,000,000 |
| | Pakistan | ICIMOD | 9,995,275 |
| | Tunisia | WFP | 9,999,469 |
| | Uzbekistan | IFAD | 10,000,000 |
| Sub-total, USD | | | 133,388,779 |

| <i>Full proposals: Regional</i> | <i>Countries</i> | <i>Implementing Entity</i> | <i>Financing Requested (USD)</i> |
|---------------------------------|--|----------------------------|----------------------------------|
| MIE | | | |
| | Cameroon, Central African Republic, Chad, Niger, Nigeria | WMO | 10,692,675 |
| Sub-total, USD | | | 10,692,675 |

| <i>Concepts: Regional</i> | <i>Countries</i> | <i>Implementing Entity</i> | <i>Financing Requested (USD)</i> |
|---------------------------|-------------------|----------------------------|----------------------------------|
| MIE | | | |
| | Angola, Namibia | IFAD | 14,000,000 |
| | Bangladesh, Nepal | WMO | 12,090,000 |
| Sub-total, USD | | | 26,090,000 |

| <i>Pre-concepts: Regional</i> | <i>Countries</i> | <i>Implementing Entity</i> | <i>Financing Requested (USD)</i> |
|-------------------------------|--|----------------------------|----------------------------------|
| RIE | | | |
| | Antigua and Barbuda, St. Kitts and Nevis, St. Vincent and the Grenadines | CDB | 13,999,520 |
| Sub-total, USD | | | 13,999,520 |

| | | | |
|-----------------------|----------------------------------|-------|-------------------|
| MIE | | | |
| | El Salvador, Guatemala, Honduras | UNEP | 14,000,000 |
| | Malaysia, Philippines | UNIDO | 13,779,500 |
| Sub-total, USD | | | 27,779,500 |

Annex III

Information on aggregated actual results of projects and programmes funded by the Adaptation Fund

I. Background and approach

1. At its seventeenth session, the CMP requested “the Adaptation Fund Board to include in its annual report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eighteenth session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fifth session (November 2023) information on aggregated actual results of projects and programmes funded by the Adaptation Fund, in particular across the Fund’s five core indicators, accompanied by qualitative analysis of successes, challenges and lessons learned”.
2. This document is prepared in response to CMP request and includes information on aggregated actual results of projects and programmes funded by the Adaptation Fund (the Fund) using the Fund’s five core indicators. In addition, the document provides qualitative analysis of successes, challenges and lessons learned from the portfolio of projects which have reached completion.
3. The information provided in this document is based on available data included in the project performance reports (PPR) as well as other documents produced by the Fund including the annual performance reports (APR) as well as those published by the Adaptation Fund Technical Evaluation Reference Group (AF-TERG).

II. Information on aggregated actual results of projects and programmes funded by the Adaptation Fund

4. Over the last thirteen years, the Fund has been reporting on an annual basis the portfolio results as contained in the Fund’s annual performance report (APR). The latest APR for fiscal year 2023 has been approved by the Board at its forty-first meeting. The APR includes information on expected results from the Fund’s portfolio and since fiscal year 2020 has been presenting aggregate actual results from the projects that have reached completion under the seven of the strategic outcomes of the Fund. For outcome four “Increased adaptive capacity within relevant development sector services and infrastructure assets” and outcome six “Diversified and strengthened livelihoods and sources of income for people in targeted areas”, due to the diverse nature of investments, aggregate values are not feasible, and the report present actual results achieved under each completed project.
5. In response to CMP request, the aggregated actual results for the five core indicators, achieved by the projects that have reached completion as of June 30, 2023, are presented. A total of 35 projects have reached completion as of June 30, 2023, for which actual results for four core indicators have been aggregated as presented in table 1 below.

Table 1:
Preliminary aggregation of actual results for fund indicators¹

| | | |
|---|-----------------------|--|
| Impact 1: Reduction in vulnerability of communities and increased adaptive capacity of communities to respond to the impacts of climate change | | |
| Preliminary Indicators | Initial Target | Additional Comments |
| <i>No. of Direct Beneficiaries</i> | 3.8 million | Number of direct/indirect beneficiaries is a conservative estimate, as it is not consistently reported (i.e., some projects report as no. of households) |
| <i>No. of Indirect Beneficiaries</i> | 9.4 million | |
| <i>No. of Early Warning Systems</i> | 255 | Includes projects targeting several small-scale early warning systems (EWS) at the local level as well as those targeting one large regional system |
| Impact 2: Strengthened policies that integrate climate resilience strategies into local and national plans | | |
| Preliminary Indicators | Initial Target | Additional Comments |
| <i>No. of policies introduced or adjusted to address climate change risks</i> | 89 | Includes any policy whether at the local, regional or national level |
| Impact 3: Increased ecosystem resilience in response to climate change induced stresses | | |
| Preliminary Indicators | Initial Target | Additional Comments |
| <i>Hectares of natural habitats created, protected or rehabilitated/restored</i> | 1,557,149 ha | |
| <i>Meters of coastline protected</i> | 24,757 m | |

6. Similarly to information provided in APRs, the Fund has not been able to aggregate actual results for two core indicators including:

(a) Avoided decrease in income/ increase in come; and

(b) Assets produced, developed or strengthened. Such limitation is due to that the fact that only a few projects align with these indicators due to the practical challenges associated with baseline data availability and exogenous factors to be considered when measuring the real impact of the intervention for these types of indicators.

7. In addition, the aggregation of “assets produced” has been challenging due to different metrics used by project implementers on the ground. The secretariat is aware of these shortcomings which are being addressed as part of the revisions to the Fund’s strategic results framework currently being undertaken.

¹ The preliminary aggregation of Funds indicators is based on the actual results included in the project completion documents (terminal evaluation and completion summary reports) for 35 projects that have reached completion as of June 30, 2023.

III. Qualitative analysis of successes, challenges and lessons learned

8. This section provides a qualitative analysis of results generated from the projects that have reached completion including successes, challenges and lessons learned. The document looked at successes of projects and programmes funded the by Fund, before describing challenges and lessons learned as well as potential for scaling-up and replication arising out of the aforementioned synthesis and evaluations.

9. The Adaptation Fund Technical Evaluation Reference Group (AF-TERG) has released in October 2021 a synthesis of Adaptation Fund final evaluations. This qualitative analysis complements such synthesis by looking at additional successes, challenges and lessons learned described in independent terminal evaluations received since then.

10. The qualitative analysis has been conducted on the following criteria based on available information from the project reports (completion summary, terminal evaluation and AF-TERG reports):

- (a) Successes - impact;
- (b) Successes - Results drivers (sustainability, relevance, effectiveness and efficiency);
- (c) Challenges and lessons learned in monitoring and evaluation; and;
- (d) Potential for scaling up and replication.

IV. Successes - impact and results drivers

A. Impact

11. Projects' and programmes' terminal evaluations provide an insight on the extent to which they contributed to the Fund's intended impact from an environmental, socioeconomic, capacity and governance standpoint.

12. In terms of environmental impact, projects and programmes supported by the Fund contribute to land and soil conservation, ecosystems conservation and restoration, water resources protection and reforestation. For instance, in Ethiopia, soil and water conservation measures (hillside terrace, deep trench, stone and gabion check dams) supported the conservation of land and water resources on 3,300 hectares of degraded landscapes.

13. In terms of socioeconomic impact, projects and programmes funded by the AF contribute to improving the socioeconomic conditions and empowerment of communities affected by climate change, as evidenced by the 102 small grants implemented by local institutions in Mongolia that participated in reforestation and restoring resilience of riparian areas. They also facilitate a greater access to water, as evidenced by the 15,000 Ethiopian households that gained access to drinking water supply, and the 8,558 households that were provided with access to irrigation agriculture, hence minimizing their dependence on traditional rain-fed agriculture.

14. In terms of capacity and governance, projects and programmes funded by the Fund contribute to build the capacity of different types of critical institutions and increase their knowledge and awareness on climate change and adaptation solutions. In Uzbekistan, no less than 24 organizations (14 government agencies, five civil society organizations and five academic institutions) saw their capacity to minimize exposure to climate variability enhanced thanks to the Fund interventions.

15. Although less significant than the above dimensions but nonetheless critical, projects and programmes funded by the Fund contribute to change in food diets towards healthier nutrition patterns, adoption of climate resilient technologies and behaviour changes.

B. Results drivers (sustainability, relevance, effectiveness and efficiency)

16. Overall, key areas of sustainability (i.e., economic, social, environmental, institutional and financial) of the projects and programmes funded by the Fund are satisfactory. In Mongolia, it was recognized that working directly through existing government structures rather than setting up parallel implementation structures proved very successful in developing effective government engagement and ownership, and in promoting long-term sustainability of the project achievements. Similarly, it was found that designing a project linking various institutions from grassroots level institutions, government agencies, local authorities and communities generated huge benefits in terms of sustainability. In Ghana, a very active village savings and loan association allows meeting the maintenance needs of aquaculture activities, fences and maintenance of water pumps and processing equipment. In the United Republic of Tanzania, the project has strengthened linkages (both horizontally and vertically) between the different stakeholders. Finally, the project in Ethiopia was successful in securing the project sustainability through the commitment secured from regional governments, as illustrated by the additional support such government ended up providing to the project.

17. Financial and economic related risks are often described as the main hurdle to sustainability, including for replicating successful activities. Socio-political risks (particularly lack of stakeholder ownership), institutional framework and governance risks (whenever such framework and governance structures pose a threat to the continuation of project benefits) and environmental risks (due to climate change intensity or if certain activities represent a threat to the sustainability of project outcomes) are also identified as hurdles to sustainability.

18. Projects and programmes funded by the Fund are relevant and fully aligned with national and international priorities on climate change adaptation, and with the Fund priorities. In the case of Peru, the strong country ownership was considered as stemming directly from the project strong alignment with national climate change adaptation priorities. Similarly, in Ghana, the project was assessed as responding to the need to improve water resources management practices to address climate impacts, risks and vulnerabilities.

19. Synergies amongst interventions can catalyse the Fund impacts. In the United Republic of Tanzania, thanks to synergies established with a Least Development Countries Fund initiative, a project funded by the Adaptation Fund contributed to the reduction of coastal human settlements, infrastructure, and ecosystems vulnerability. Both projects have shown high levels of complementarity in their design and implementation approach.

20. The projects and programmes funded by the Fund achieve or exceed their intended objectives. Terminal Evaluations show that most projects achieved their targets or outputs, with more than 40% of them exceeding their targets, as evidenced by the project in Uzbekistan for which no shortcomings were found in the achievement of its objective in terms of effectiveness, and the project in Egypt which exceeded most of its targets. The main hurdles to projects' and programmes' capacity to yield their intended impact were the risk of interventions not materializing into structural change, and weak project delivery.

21. Project/programmes supported by the Fund can deliver the intended interventions in a cost-effective and timely way, with some demonstrating an excellent value for money, despite some projects being affected by delays in implementation due to overly ambitious and/or costly interventions which required to raise a request for change in project design or revision of original targets to the Board.

22. Traditional and local knowledge are more easily adopted by rural communities as they are seen as better suited to local conditions, as illustrated in Mongolia. There is a strong potential to further accelerate such adoption when backed by appropriate scientific knowledge.

23. Lack of economic opportunities undermines climate change adaptation efforts. In Mongolia, even though local communities understand the roots of pastureland degradation, they could not afford to change their practices without benefiting from any safety nets or income-generating livelihood activities. Nevertheless, communities demonstrated a strong

willingness to change their practices whenever they are proposed economically viable and sustainable livelihoods opportunities.

24. High participation of women in ecosystem-based adaptation activities may lead to a more efficient and effective implementation of adaptation activities, with the side benefit to improve women decision-making and leadership within the communities, as illustrated in Mongolia.

25. Given that climate change risks are multi-faceted, adapting to a changing climate require an integrated approach combining restoration and conservation of ecosystems, together with alternative income generating livelihoods, to be able to bring about lasting climate change resilience to communities, as evidenced in Ethiopia.

C. Challenges and lessons learned

26. Challenges and lessons learned, including from a monitoring and evaluation (M&E) perspective, were also extracted from the projects' and programmes' terminal evaluations of the Fund. They are summarized in the following paragraphs.

27. The projects and programmes funded by the Fund have a clear and evidence-based design which incorporate lessons learned and needs of communities. Community-led reforestation efforts in Ethiopia were deemed particularly effective. Nevertheless, in some cases, project planning was too ambitious in terms of end-of-project targets and/or inadequate budget allocated to implementation. As example, in Ethiopia, the unexpected inflation that occurred during project implementation negatively impacted the initial budgetary allocation and forced the project to reshuffle fundings across the project to cope with such unexpected increase in goods and services costs. Both pitfalls resulted in projects and programmes having to submit requests for changes and/or no-cost extension of project completion date during implementation and, ultimately, lead to delays in implementation.

28. Projects and programmes supported by the Fund rest on solid consultation and engagement with communities, which help prepare the ground for sustainable interventions. In a few cases, such consultations and engagement failed to include some important stakeholders while in other cases (such as Ethiopia), reshuffle of government representatives at both national and regional level resulted in unexpected delays in implementation.

29. Overall, the supervision provided by the Implementing Entities (IEs) to the Fund projects and programmes is satisfactory, the key elements for such success being both the technical and strategic support provided from the IEs to the Executing Entities throughout project implementation, as well as the support provided on project M&E, and on financial monitoring. However, challenges were faced in some cases, including in the United Republic of Tanzania, where funding available was only sufficient to cover a part-time technical oversight personnel. Similarly, due to target communities living far from each other, oversight missions in Peru ended up being challenging for the project team due to time constraints and logistical challenges reaching the most isolated communities.

30. Challenges in terms of project and programme M&E included pitfalls in logical framework quality and indicators, and weak M&E systems. Once under implementation, challenges identified in the projects and programmes included low technical capacities and resources, lack of project/programme impact monitoring, most of the projects and programmes results framework being focused on output/activity monitoring instead. This was evidenced in the project in the United Republic of Tanzania, for which the Terminal Evaluation proposes to extend monitoring plans beyond the project length to track the long-term impact of adaptation interventions.

31. Unexpected security concerns sometimes impede the Fund interventions, as evidenced in the Ethiopia project where such concerns resulted in frequent discontinuity of activities implementation and negative impacts on the project outputs and outcomes.

32. The Fund's projects and programmes may sometimes be hampered by the limited capacity of some executing partners, which may be mitigated by conducted capacity

assessments as early as design stage or as part of the inception phase, as it was suggested in Ethiopia.

D. Potential for scaling up and replication

33. The Fund has pioneered an institutional approach that promotes the financing of small-scale pilots for innovative adaptation interventions, which aim to deliver robust demonstration of results and disseminate best practices and lessons learned. Projects and programmes funded by the Fund have proved to be scalable, as evidenced in Egypt, where a project was replicated with Adaptation Fund funding, and in Colombia and Rwanda, where projects were scaled-up with funding from the Green Climate Fund.

34. Key elements for a successful scaling-up of Fund projects include:

- (a) Strong proof of concept to disseminate successful adaptation practices and innovations;
- (b) Financial and operational sustainability;
- (c) The ability to generate strong demand and engagement from local stakeholders;
- (d) On the applicability of activities to a wider coverage; and
- (e) Government commitment.

35. Other enabling factors to successfully scale-up Fund projects include:

- (a) Involvement, whenever possible, of the same stakeholders from the initial project (i.e., Implementing Entities and Executing Entities); and;
- (b) Use of pre-existing governance structures, and/or the institutional and coordination networks established during the pilots to maximize effectiveness and facilitate cooperation among stakeholders.

36. In addition, in country and across-country beneficiaries to beneficiaries' visits can drastically help catalysing knowledge sharing, cross-learning and can result in scaling-up and replication of adaptation interventions, as evidenced in Mongolia.

37. On the contrary, failure to scale up adaptation action may arise from:

- (a) Financing and cost constraints;
- (b) Lack of involvement of local stakeholders;
- (c) Lack of institutional support or stability;
- (d) Information and knowledge constraints; and
- (e) Complexity constraints.

38. For instance, the project in the United Republic of Tanzania noted that the replication of the adaptation interventions was hindered by limited local government budget and access to climate financing mechanisms.
