

29<sup>th</sup> LDCF/SCCF Council Meeting  
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Virtual Meeting

**PROGRESS REPORT ON THE CHALLENGE PROGRAM FOR ADAPTATION INNOVATION  
UNDER THE SPECIAL CLIMATE CHANGE FUND AND THE LEAST DEVELOPED  
COUNTRIES FUND**

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## INTRODUCTION

1. The Challenge Program for Adaptation Innovation is included in the Global Environment Facility (GEF) Programming Strategy on Adaptation to Climate Change for the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF) for the period of July 1, 2018 to June 30, 2022, which was approved by the LDCF/SCCF Council at its 24<sup>th</sup> meeting in June 2018.<sup>1</sup> The objective of the Challenge Program for Adaptation Innovation is to catalyze innovation to harness the potential of private sector actors in climate change adaptation and resilience. By focusing on innovation and learning for private adaptation solutions, this Challenge Program tests and validates potentially scalable, bankable or otherwise fundable investment approaches, business models, partnerships and technologies for climate change adaptation and resilience impacts.

2. Based on the GEF Programming Strategy on Adaptation to Climate Change, and consistent with design modalities detailed in an Information Document for the 25<sup>th</sup> LDCF/SCCF Council<sup>2</sup>, in September 2019 the GEF Secretariat announced a Call for Proposals for the Challenge Program. The inaugural Call for Proposals for this Program was for \$10 million in GEF finance, resourced equally from the LDCF and SCCF.

3. The response to the call for proposals was highly positive. 388 concepts were submitted by 343 different organizations, with a total value of approximately \$550 million.<sup>3</sup>

4. All 388 submissions were reviewed by technical specialists under the guidance of GEF Secretariat leadership, based on the criteria specified in the Call for Proposals. Attention was also given to a balance among regions, partners and types of innovation strategies. Nine concepts were selected by the GEF CEO and Chairperson to advance and be considered for funding based on LDCF and SCCF standard procedures. Given the limited resources available in this initial round of Challenge Program and highly strong interest, only 2.3 percent (nine of 388) were invited to advance towards project concept development and approval.

5. At the 25<sup>th</sup> Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) in December 2019, the nine 'winning' concepts were featured in a well-attended event in joint Pavilion of the GEF and the Green Climate Fund (GCF).<sup>4</sup> This event engaged Ministers, senior private sector representatives and practitioners in an exchange on challenges and opportunities to catalyze innovation and private sector investment in climate adaptation. The event also profiled the innovation models put forth by

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<sup>1</sup> GEF, 2018, [GEF Programming Strategy on Adaptation to Climate Change for the LDCF and the SCCF and Operational Improvements](#), Council document GEF/LDCF.SCCF.24/03.

<sup>2</sup> GEF, 2018, [Update on the Challenge Program for Adaptation Innovation under the Special Climate Change Fund and the Least Developed Countries Fund](#), Council document GEF/LDCF.SCCF.25/Inf.04.

<sup>3</sup> The GEF received 402 submissions by e-mail. Fourteen of these were determined to be duplicate submissions. Therefore, the total number of unique concepts is 388.

<sup>4</sup> See Press Release, [Winners of GEF Challenge Program for Adaptation Innovation announced](#), December 10, 2019.

the nine winning concepts, and the potential for further innovation represented by the 383 submissions to this Challenge Program from 343 different organizations.

6. This document presents an update on the progress made on the Challenge Program since the most recent progress report was presented to Council in December 2019. The previous “Progress Report on the Challenge Program for Adaptation Innovation Under the SCCF and LDCF”<sup>5</sup> presented as an Information Document to the 27<sup>th</sup> LDCF/SCCF Council in December 2019 which described each of the selected projects and provided an analysis of all 388 submissions as a valuable snapshot of interest and activity for catalyzing innovation and private sector engagement in adaptation. This current progress report provides an update on the preparation of each of the projects and synergies among them and a set of recommendations.

#### **APPROVALS, ANTICIPATED IMPACTS, AND CO-FINANCING**

7. All nine concepts announced at COP 25 have since been developed and approved consistent with GEF policies and process. Eight have had their Project Idea Forms (PIFs) approved in the two-step modality, and one has been fully CEO Approved for implementation based on the one-step approval modality. Table 1 specifies the date on which each project was approved at the PIF or Chief Executive Officer (CEO) Approval stage; GEF support, including GEF project financing, Agency fees, and project preparation grants (PPGs) allocated to each project from the LDCF and/or SCCF; and co-financing catalyzed.

8. Reflecting the innovative nature of these projects, the anticipated impacts through this Challenge Program are substantial, including in relation to the typical impacts scale of previous LDCF and SCCF supported projects. This is noteworthy considering the relatively modest scale of GEF financing for each of these Medium-Sized Projects, ranging from \$0.8 million to \$1.4 million.<sup>6</sup> Table 1 includes anticipated impacts from each project, including direct beneficiaries (total 897,804 persons), area of land for climate resilience (total 229,936 hectares), policies and plans to mainstream climate resilience (total nine policies and plans), and the number of people trained (total 20,980 persons).

9. The anticipated co-financing levels of these projects are also significant, even though co-financing is not a requirement of LDCF supported projects. Of the \$45,540,806 in co-financing expected to be catalyzed from the nine projects, \$29,875,300 (65.6 percent) is anticipated from 12 different private sector partners.

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<sup>5</sup> GEF, 2019, [Update on the Challenge Program for Adaptation Innovation under the Special Climate Change Fund and the Least Developed Countries Fund](#), Council document GEF/LDCF.SCCF.27/Inf.04.

<sup>6</sup> These figures include GEF project financing, Agency fees, and PPGs.

**Table 1. Challenge Program Project status, including GEF finance, co-financing and impacts**

Title	Status	Region / Countries	Agency / Executing Partner	GEF support <sup>7</sup>		Co-financing (\$)	Anticipated impacts <sup>8</sup>			
				LDCF (\$)	SCCF (\$)		Direct Beneficiaries	Area of land for climate resilience (hectares)	Policies/ plans to mainstream climate resilience	People trained
Resilience for Peace and Stability, Food and Water Security Innovation Grant Programme	PIF Approved 08/06/20	Global	UNDP / GRP	1,149,999	-	3,000,000	20,000 (10,000 female)	1,000	-	500 (250 female)
Public-Private Partnership for Coral Reef Insurance	PIF Approved 05/20/20	Indonesia, Philippines, Solomon Islands	ADB	483,333	916,667	3,350,000	132,689 (79,113 female)	134,280	4	300 (180 female)
Reviving high quality coffee to stimulate climate adaptation	PIF Approved 07/01/20	Congo DR, Uganda	IUCN / Nespresso	1,300,000	-	3,190,000	7,015 (1,755 female)	7,000	-	7,000 (1,750 female)
Piloting Innovative Financing for Adaptation Technologies in Medium-Sized Cities	PIF Approved 01/21/20	Global	UNIDO / CTCN	265,355	530,710	2,300,000	600,000 (300,000 female)	42,134	3	60 (30 female)
CC Blend: Blended finance facility for climate resilience in coffee and cacao value chains	PIF Approved 03/27/20	Latin America	UNEP / BFA+	-	1,250,000	7,000,000	10,000 (5,000 female)	6,400	-	4,500 (female)
Adaptation Accelerator Programme	PIF Approved 01/21/20	Global	CI / CI Ventures	1,150,000	-	2,815,000	60,000 (30,000 female)	15,000	2	120 (40 female)
Landscape Climate Resilience Fund	PIF Approved 05/25/20	Global	WWF-US / South Pole	650,000	650,000	16,085,806	20,000 (10,000 female)	1,000	-	500 (250 female)

<sup>7</sup> The amounts in these columns include GEF project financing, Agency fees, and PPGs.

<sup>8</sup> These indicators are aligned with the results framework that was introduced in the [GEF Programming Strategy on Adaptation](#) (2014-2018) and refined in the [Updated Results Architecture for Adaptation to Climate Change Under the LDCF and SCCF \(2018-2022\)](#).<sup>8</sup> Full expected results are detailed in the results frameworks specific to each project, which are available in the project documents posted on the [Project Database section of the GEF website](#).

Title	Status	Region / Countries	Agency / Executing Partner	GEF support <sup>7</sup>		Co-financing (\$)	Anticipated impacts <sup>8</sup>			
				LDCF (\$)	SCCF (\$)		Direct Beneficiaries	Area of land for climate resilience (hectares)	Policies/ plans to mainstream climate resilience	People trained
Financial tools for small scale fishers in Melanesia	PIF Approved 06/18/20	Fiji, PNG	WWF-US / WTW	-	1,150,000	5,300,000	7,500 (3,500 female)	20,000	-	7,500 (3,500 female)
Drones for Equitable Climate Change Adaptation	CEO Approved 08/10/20	Colombia	CAF/ MIT	-	549,905	2,500,000	20,300 (10,353 female)	3,122	-	500 (265 female)
<b>Totals:</b>				<b>4,998,687</b>	<b>5,047,282</b>	<b>45,706,007</b>	<b>897,804</b>	<b>229,936</b>	<b>9</b>	<b>20,980</b>

## SYNERGIES AND KNOWLEDGE SHARING

10. The design of each project within this Challenge Program includes knowledge management outputs and activities to document and share learning on strategies and methods to catalyze innovation and investment for adaptation with the private sector. As part of the effort to scale up GEF finance, specific elements are built into each project to capture and share learning gained from each project with other actors who have potential to replicate and improve on the models tested.

11. Given the pioneering nature of the nine projects in this program, numerous opportunities for synergies and knowledge sharing have already been identified and acted upon during their PIF approval and project development stages. This is being done with a view to strengthen the different and often complementary innovation and impacts by each of the projects.

12. One example of opportunities for synergies to increase impact among projects that has been identified and is being imbedded in project design includes the *Drones for Equitable Climate Change Adaptation* project by the Latin American Development Bank (CAF) and Massachusetts Institute of Technology (MIT) in Colombia on using artificial intelligence to inform adaptation planning and investment decision making with the project in Central America by UNEP and commercial financial institutions on blended finance for coffee and cacao supply chains. The blended finance project is developing methods for commercial microfinance institutions to value the financial return on investment in climate resilience from investing in nature-based adaptation actions; while the MIT is pioneering the use of drone-based artificial intelligence systems to produce localized climate information to inform adaptation planning investment. The Agencies, proponents and other partners in both projects are collaborating to learn from the climate data generation and processing system of the project in Colombia with the blended finance investment methodologies of the project in other countries in Latin America. In doing so, the Challenge Program is innovating approaches to attract and focus private capital from commercial financial institutions on nature-based climate adaptation solutions that are well informed by current and localized climate data.

13. A further example of collaboration and knowledge sharing among the respective Agencies, proponents and other project partners, involves the range of approaches to small and medium enterprise (SME) incubation and acceleration, which is a focus of several of the Challenge Program projects. These projects include the *Landscape Resilience Fund*, implemented by World Wildlife Fund - United States (WWF-US) with South Pole; the *Resilience for Peace and Stability, Food and Water Security Innovation Program*, implemented by United Nations Development Program (UNDP) with the Global Resilience Partnership; and the *Adaptation Accelerator Programme* implemented by Conservation International (CI) with CI Ventures. For example, the Landscape Resilience Fund has started to test approaches to attract private capital for an equity fund to invest in investment ready adaptation-oriented SMEs; while the Adaptation Accelerator Program is preparing to conduct mentorship and training for introduction of SMEs to investors.

## UPDATE ON PROJECT PREPARATION

14. Consistent with many projects across the GEF portfolio, projects in the Challenge Program for Adaptation Innovation are experiencing impacts of the COVID-19 crisis on their design and preparation. Stakeholder consultations and meeting with partners have typically shifted to virtual modalities to adhere to travel restrictions and social distancing precautions. Despite these challenges, all partners are making positive progress on the preparation or implementation of each of the projects through this Program. The *Drones for Equitable Climate Change Adaptation* project is under implementation, and others are anticipated to be fully prepared and submitted for CEO approval in line with the GEF project cycle standards.

15. The Challenge Program projects typically have strong potential to help address needs associated to livelihoods and health that have become increasingly magnified due to the COVID-19 pandemic. They can also meaningfully contribute to economic recovery from the impacts of the pandemic. For example, *the CC Blend* project in Latin America, *Landscape Resilience Fund*, *Resilience for Peace and Stability Program* and other projects will provide much needed capital to vulnerable marginal populations that will help improve livelihoods, enhance income generation, as well as address climate resilience.

16. Updates on progress are provided for each project supported through this Challenge Program at two different times. Snapshots of progress are provided as of April 23, 2020 and as of October 23, 2020.

### ***Resilience for Peace and Stability, Food and Water Security Innovation Grant Programme (10430); Global; UNDP with Global Resilience Partnership (GRP); LDCF \$1.15 million<sup>9</sup>:***

17. Update on project preparation as of October 23, 2020: UNDP and GRP have been consulting with several entrepreneurs, local non-governmental organizations (NGOs), and think tanks in conflict prone and fragile regions to define opportunities and barriers to private sector adaptation investment in these contexts. GRP is preparing a call for expressions of interest to be opened by November which will solicit appropriate partners who manage revolving funds in fragile contexts for the project to ensure maximum adaptation impacts. Given UNDP's current project portfolio, a set of complementary on-going projects in conflict prone countries (including in Mali, Sudan, Myanmar and Bangladesh) are being accessed to identify in-country partnerships and relevant lessons learned for this project with GRP. The importance of the project has been reinforced by the impacts of COVID-19 is having on local economies, and the importance of integrating climate resilience in economic recovery strategies. The Project Initiation Plan has been detailed and approved by the Agency, GRP and Partners. The terms of reference for the project development specialist and safeguard specialist have been completed with a focus on a combination of conflict area and climate adaptation expertise, and the hiring process is underway.

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<sup>9</sup> The GEF support figure presented for each project in this section includes GEF project financing, Agency fees, and PPG.

18. Update on project preparation as of April 23, 2020: This project is leveraging the experience of relevant programmes and projects including the UNDP Youth CO:Lab programme by considering good practices in youth innovation and entrepreneurship for peacebuilding in the Asia-Pacific region. For example, early findings of the work with young entrepreneurs indicate that livelihood and entrepreneurship, access to finance, as well as understanding climate risks and associated gender issues were highlighted as key for building resilience by relieving social tensions and enhancing socio-economic development for peacebuilding. An initial scoping study has also confirmed the importance of generating innovative solutions to improve climate adaptation. Early discussions with beneficiary groups have further confirmed a strong demand for loans and revolving grants of this nature. The project's focus on supporting locally led climate resilience and adaptation innovation in conflict prone and fragile regions is more important than ever with the unfolding health and economic crisis in conflict prone contexts, which is likely to have a disproportionate impact on poor households and small and informal businesses.

**Public-Private Partnership for Coral Reef Insurance (14031); Indonesia, Philippines, Solomon Islands; Asian Development Bank (ADB); LDCF/SCCF \$1.40 million:**

19. Update on project preparation as of October 23, 2020: A "Coral Reef Insurance Advisory Group" has been established for technical direction, and to ensure coordination and uniformity of approach in all four countries. This includes specialists from ADB, The Nature Conservancy (TNC) and UNDP. Consultations continue with UNDP to align with activities around the multi-partner Global Fund for Coral Reefs for all the project countries, as well as with Swiss Re Foundation on possible collaboration on creating 'reef brigades' in selected countries. Consultations have also been ongoing in Indonesia with respect to the institutional arrangements. It has been provisionally defined that the Climate Change Directorate in the Ministry of Environment and Forests will be the lead execution partner in Indonesia, in coordination with the Directorate General for Maritime Spatial Planning in the Ministry of Maritime Affairs and Fisheries. As a partner in the project, TNC is finalizing Memoranda of Understanding with both Ministries which includes collaboration related to the coral reef insurance project. TNC is leveraging resources (project co-financing) to contribute to baseline assessments and feasibility studies. ADB has prepared a proposal for additional funding in Indonesia through its "Investible Cities" program. Government clearances have been received for ADB to commence stakeholder consultations and baseline assessments in the Solomon Islands and Fiji. Specialists have been engaged by ADB in both Solomon Islands and Fiji, and the work has commenced, with draft reports expected by December 31, 2020. These reports will contribute to: i) preparation of the GEF Request for CEO Endorsement, and ii) efforts to mobilize additional co-financing resources. For both countries, engagement with traditional rights holders is essential. ADB has also finalized Terms of Reference for a similar specialist in the Philippines, with the recruitment ongoing.

20. Update on project preparation as of April 23, 2020: Additional consultations were conducted in Indonesia (early March 2020) with the Ministry of Marine Affairs and Fisheries Directorate General for Marine Spatial Planning and Ministry of Environment and Forests, as well as the Directorate for Climate Change Adaptation. Detailed terms of reference and costing

has been prepared to launch a feasibility analysis which will focus primarily in Indonesia, with a view to replicating and scaling parts of the process in the Philippines, Solomon Islands and Fiji. The analysis is being conducted to (i) identify sites in Indonesia with the appropriate ecological, oceanographic, socioeconomic and institutional conditions to set up a post-disaster response capacity; (ii) confirm that the insurance regulation is appropriate and determine the effort required to launch a reef insurance model; and (iii) Assess the probability of damages to reef by wave action and hurricanes and the cost-benefit of restoration, using a suite of modeling techniques. The team is concurrently exploring options for additional co-financing, including various internal ADB trust funds and the “InsuResilience Solutions Fund” supported by the German Government.

***Reviving High Quality Coffee to Stimulate Climate adaptation (10432); Democratic Republic of the Congo (DRC), Tanzania; implemented by IUCN with Nespresso; LDCF \$1.30 million:***

21. Update on project preparation as of October 23, 2020: Nespresso and IUCN are in the detailed project development phase of this project in DRC and Uganda. Despite the COVID-related travel restrictions, the local teams have made progress and collected information that is helping to refine and inform specifics on the project design and set up. Nespresso and IUCN remain committed and excited about these important projects and partnership.

22. Update on project preparation as of April 23, 2020: The project has engaged and built strong partnerships with the relevant stakeholder groups, including civil society, indigenous groups, and local private sector stakeholders, in target countries at the early stages of project design, including PIF preparation. Nespresso is in close communication with the relevant local private partners in DRC and Tanzania, who are currently engaged in identifying information gaps and needed expertise to prepare the project based on the data that is available in both target countries. Identified missing information necessary to strengthen the baseline include data on agroforestry and nursery, gender, existing risk mitigation options, existing fora to engage local stakeholders. Given COVID-19 situation and the possible impacts on data collection, especially on gender analysis which sometimes requires interviews with local stakeholders, the project partners are analyzing appropriate options to reduce impacts on baseline reports. Stakeholder participation and engagement is crucial to the success of this project and will continue throughout project implementation. The engagement is being carried out through consultative meetings, capacity building, learning and knowledge sharing sessions, participation in the identification of adaptive solutions, including gender specific solutions.

***Piloting Innovative Financing for Adaptation Technologies in Medium-Sized Cities (10433); Global; UNIDO with CTCN; LDCF/SCCF \$0.80 million:***

23. Update on project preparation as of October 23, 2020: Based on further consultations with national stakeholders and city governments, the city area of Nelson’s Dockyard National Park in Antigua and Barbuda was selected to receive support under the planned project, in addition to the previously selected cities of Chokwe, Gaza Province, Mozambique; and Kaysone Phomvihane City, Savannakhet Province, Lao PDR, covering three regions and cities in Least Developed Countries (LDCs) and small island developing States (SIDS). Endorsement letters and

letters of support were provided by the countries' GEF Operational Focal Points and the local authorities, respectively. Currently, other existing initiatives are under review, including the OECD toolkit to enhance access to adaptation finance, UN Habitat's City Resilience Action Planning Tool (CityRAP Tool) to steer a collaborative process with the local government, UN Habitat's Vulnerability Risk Assessment and Climate Action Plan Guidance. Also, discussions have been started with the Macquarie Group, a global financial services group, regarding a possible engagement in the project. This project seeks to capacitate urban planners through access to financial tools and strategies to deploy priority climate change adaptation technologies and measures. As a result, the project seeks to catalyze investment and private sector engagement for climate resilience in medium-sized cities, with a population size below 0.5 million.

24. Update on project preparation as of April 23, 2020: Based on review and consultations with national stakeholders and city governments, the following three cities located in LDCs and SIDS and covering three regions have been selected to receive support under the planned project: Chokwe, Gaza Province, Mozambique; Kaysone Phomvihane City, Savannakhet Province, Lao PDR; and St. Lucia. Various factors were considered for the selection, including population size, exposure to climate risks and increased climate vulnerability, municipal-level adaptation needs assessment. During the design phase, UNIDO reviewed the landscape of relevant efforts, including UN-Habitat's Cities and Climate Change Initiative, to seek partnerships and explore possible cross-fertilization. Strong involvement of respective municipalities and national stakeholders ensures an inclusive process. Further consultations with the counterparts will allow to finalize the development of an impactful intervention to pilot innovative financing for climate adaptation technologies in medium-sized cities. This project seeks to capacitate urban planners through access to financial tools and strategies to deploy priority climate change adaptation technologies and measures. As a result, the project will catalyze investment and private sector engagement for climate resilience in medium-sized cities with a population size below 0.5 million, which typically experience limited access to funding, appropriate tools and relevant expertise to address climate impacts.

***CC Blend: Blended Finance Facility for Climate Resilience in Coffee and Cacao Value Chains (10434), United Nations Environment Program (UNEP) with Agricultural Development Bank of El Salvador (BFA); SCCF \$1.25 million:***

22. Update on project preparation as of October 23, 2020: Institutional arrangements for the implementation of the project in El Salvador have been further developed through consultations with key project partners. A Steering Committee to guide project development has been instituted, including representatives from BFA and Ministry of Environment and Natural Resources, as well as the National Center for Agricultural and Forestry Technology and the El Salvador Coffee Council under the Ministry of Agriculture and Livestock of El Salvador. Data and information needs have been identified, and technical expertise for the development of the financial model for the credit line has been engaged. The project intervention logic and Theory of Change have been further developed, while the timing and approach to in-person stakeholder consultations have been revised due to COVID-19 restrictions. Field data collection

and wider stakeholder consultations are set to take place from November 2020 to January 2021, with the CEO approval request to be finalized and submitted to GEF Secretariat in May 2021. At the regional level, consultations for the development of the project's regional component are ongoing. On November 6 2020, UNEP is convening financial institutions across Central America and the Dominican Republic to discuss green microfinance and regional collaboration for enhancing access to sustainable and climate-resilient investments in small-scale agriculture. The webinar will gauge interest in accessing or offering dedicated credit lines and technical assistance focused on nature-based solutions for increased climate-resilience of small-scale agriculture entrepreneurs in the region. Participants' feedback will also be solicited on the proposed Community of Practice for financial institutions in the region, to be established by the CC-Blend project, particularly in a post-COVID-19 context. It is expected that through the CC-Blend project, the methods, tools and courses developed by the complementary Microfinance for Ecosystem-based Adaptation (MEbA) project will be adapted and transferred at the national level in El Salvador via BFA, and regionally through the Community of Practice. This approach will allow for solutions specifically designed to catalyze engagement of the private financial sector towards the promotion of nature-based solutions for small-scale farmers to address climate change.

23. Update on project preparation as of April 23, 2020: Following the launch of the Challenge Program in December 2019, consultations have been undertaken with key project partners in El Salvador. Discussions with the proposed Executing Agency BFA, Ministry of Environment and Natural Resources and Ministry of Agriculture and Livestock, including during a UNEP mission to El Salvador in January 2020, have advanced the conceptualization of the project and consolidated partnerships for its implementation. Following CEO approval of the project on March 27, 2020, the official PPG phase inception meeting took place on April 21, 2020, and bilateral consultations are ongoing with a wider range of project stakeholders. At the regional level, consultations have been initiated with possible partners to be engaged in catalyzing further private sector investment into climate change adaptation across Central America.

***Adaptation Accelerator Programme (10435); Global; CI with CI Ventures; LDCF \$1.15 million:***

24. Update on project preparation as of October 23, 2020: The project has continued to make considerable progress towards the completion of its PPG phase, and preparation of the project document. For example, the project has engaged with key stakeholders, including the government of Madagascar, in-country NGOs, investor groups and complementary accelerator programs. Due to COVID-19 related travel restrictions, these engagements are being completed via video conference. In addition, several key elements of the project document are complete and have been reviewed by the CI-GEF agency. The project has also designed an innovative repayable grant mechanism concept as part of its implementation. This project design process has included working closely with CI ventures processes, including CI investment committee recommendations on SME selection and grant awards. The project, in collaboration with another GEF-supported project, the *Adaptation SME Accelerator Project (ASAP)*, will implement the ASAP taxonomy for its SME classification and investor outreach during implementation. This

project objectives align well with other SME's investment opportunities emerging in Africa, and across the CI portfolio.

25. Update on project preparation as of April 23, 2020: The PPG phase for the Adaptation Accelerator Program has been kicked off and is advancing well, since CEO approval in January 2020. The baseline work started with Initial scoping of pipeline/investment partners in Liberia and Madagascar. This project is also coordinating closely with the GEF supported ASAP project that is under implementation. One of the first concrete activities of the Adaptation Accelerator Program has been contributing to and linking with the design of Adaptation Taxonomy that is one of the outputs under ASAP and will be used by this new project. In terms of consultations, CI was preparing to conducting field visits and engage with project partners during the Africa Climate Week in April 2020. However, due to COVID-19 precautions, in-person field work in-country has had to be suspended in lieu of virtual consultations. To ensure that progress continues during the PPG phase, the project is also undertaking remote and virtual consultations with potential investment partners.

***Landscape Resilience Fund (10436); Global; WWF-US with South Pole; LDCF \$1.30 million:***

26. Update on project preparation as of October 23, 2020: The Landscape Resilience Fund has continued to make significant progress. For example, (i) the pipeline of investment deals has been strengthened, with pre due diligence of initial cases in core landscapes; (ii) discussion with an anchor funder has been advanced on both formal and the technical level; (iii) the incorporation documents of the Fund have been pre-approved by the Swiss authorities; (v) due diligence procedures and Key Performance indicators have been drafted; (iv) the Fund has both been profiled in various for a including a Daily Telegraph article<sup>10</sup>, and at an event convened by the Global Commission on Adaptation (GCA) on "Innovative Financing Models for Private Sector Investment in Nature-Based Solutions for Adaptation" having been selected in a competitive process as an exemplary model for catalyzing private sector finance; and (v) the Project Document is close to being finalized for CEO Approval, having received inputs from private sector, NGOs, and international organizations, and a validation workshop involving several of these partners was held in early October 2020.

27. Update on project preparation as of April 23, 2020: The Landscape Resilience Fund has made the following progress: (i) The pipeline of potential investment deals has been deepened and in-depth discussions with investees have been held to have a pipeline ready at project implementation; (ii) a new land use adaptation specialist has been hired by South Pole, who is developing and testing a tool for assessing the positive adaptation impact of investees to strengthen adaptation impact from the GEF project; (iii) discussions have continued to progress with a multinational company for a multi-year anchor investment in the Landscape Resilience Fund; and (iv) GEF project development is well underway, with clear design guidelines from WWF-US team and an exchange on lessons learned with complementary projects.

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<sup>10</sup> Daily Telegraph, [Money Can Indeed Grow on Trees](#), 23 June 2020.

***Financial Tools for Small Scale Fishers in Melanesia (10437); Fiji, Papua New Guinea (PNG); WWF-US with Willis Towers Watson (WTW); LDCF \$1.15 million:***

28. Update on project preparation as of October 23, 2020: Following CEO approval of the project, a kickoff workshop took place on July 21, 2020 with support from the PPG, and project development is now well underway. Consultations with national microbanks and commercial banks are in progress. The focus of these discussions is to explore the possibility of adding 'impact' loan conditions, while local insurance companies will be engaged to ensure appropriate distribution/administration of insurance products. WTW is undertaking consultations with regional/global partners over the next few months to explore opportunities for financial product development, distribution, and underwriting (including The Pacific Financial Inclusion Programme (PFIP), Munich Climate Insurance Initiative (MCII), PCRIC, and local and international re/insurers). With regards to community consultations, the first round has been completed in Fiji in the District of Tavua. Community representatives from seven villages noted that climate shock events like cyclones have impacted subsistence/economic activities, and insurance products would be helpful if they provide quick turn-around resources for the community to continue fishing. In PNG, initial community consultations took place during PIF stage and a second round of community consultations is advancing. Community facilitators will undertake the community consultations and ensure necessary inputs to the project design. COVID-19 restrictions and precautions are addressed in all activities.

29. Update on project preparation as of April 23, 2020: The project has been endorsed by the GEF Operational Focal Point in PNG. In Fiji, the project proposal was endorsed by the Ministry of Fisheries and the Ministry of Economy, pending final endorsement by the GEF Operational Focal Point.

***Drones for Equitable Climate Change Adaptation (10438); Colombia; CAF with MIT; SCCF \$0.55 million:***

30. Update on project implementation as of October 23, 2020: The MIT Environmental Science Institution executing this project has established a partnership with the MIT Lincoln Laboratories Humanitarian Assistance and Disaster Relief Systems Group, who has substantial experience in the development of remote sensing systems and its application for humanitarian response. This partnership will strengthen the technological framework to address the unique technical challenges of the study area and integrate lessons learned from similar projects in other countries. Additionally, a collaborative decision making process has been designed with Corpoamazonia, Airworks and Lincoln Labs, to analyze state of the art lidar sensors, drone platforms and sample data to identify the most suited set of technologies for the project, and advanced towards a technology acquisition plan. Weekly meetings are being held among CAF, Corpoamazonia, Ministry of Environment of Colombia and MIT to keep momentum despite travel limitations. A detailed methodology and workplan have been developed, and a contingency COVID-19 plan to start engagement activities online. We have also started exploratory conversations with Corpoamazonia to fundraise for a wider data collection process using lidar sensors to map the entire Amazon Piedmont and expand the applicability of the algorithms that will be developed through the project. An event was held involving the Minister

of Science, Innovation and Technology Mabel Torres, former Minister of Environment Luis Gilberto Murillo, and Brazilian scientist Carlos Nobre to discuss the strengthening of relationships in the region for the implementation and replication of this project and more broadly to advance the academic discussion on Nature-based Solutions for climate change in Latin America. The project was included in CAF's Strategic Document in Colombia for the period 2020-2022. A consulting group is evaluating opportunities and needs of Colombian commercial financial institutions to dedicate lines of credit catalyzed by CAF's co-financing resources for this project.

31. Update on project preparation as of April 23, 2020: The project partners started a process of review and renewal of relevant financial operations with Colombian Financial Institutions in March 2020,, in order to strengthen the ties specially with Banco de las Microfinanzas - Bancamía S.A., an execution partner of the Project UAVs/drones for Equitable Climate Change Adaptation. Bancamía manages a CAF's credit line of US\$20 million supporting MEBA (microfinance for Ecosystems Based Adaptation) in rural agricultural projects of 870 municipalities in 29 departments of Colombia. Bancamía will have to prepare to channelize CAF's co-finance in this project (\$1.8 million) during the coming months, in order to focus its support to ecosystem- based adaptation practices of small-scale farmers in Mocoa. MIT has consolidated a partnership with Airworks, a data processing startup that will streamline the process to transform the data collected from drones into digital models necessary for further analysis. Airworks will provide \$35,300 as in-kind contribution mostly in photogrammetry services and work closely with the MIT team in flight planning and image acquisition, Ground Control Points Design, landslide profiling and building a training data set for the algorithm. This partnership will facilitate replicating the project in other regions. There is potential for synergy between this project and GEF supported *CC Blend* project also in Latin America by the CC Blend project advancing scale up use of drone technologies and climate data processing with partner microfinance institutions, and both projects have been encouraged to coordinate accordingly.

## **REFLECTIONS AND RECOMMENDATIONS**

32. The Challenge Program for Adaptation Innovation has the potential to be effective at addressing unmet needs to stimulate adaptation innovation and private sector engagement, and the progress to date shows promise to fulfil this potential. Through the call for proposals modality that was open to any proponent, whether or not they are a GEF Agency, the Challenge Program has been able to attract and engage partners that are new to the GEF, and unearth ideas that are currently unlikely to be brought to the GEF through the conventional programming modality.

33. Through this model, the LDCF and SCCF have been successful in building new partnership and capitalizing on their innovative ideas and resources to catalyze private sector investment in adaptation. These partners include large-scale agriculture commodity managers such as Nespresso; equity fund managers such as South Pole Group; commercial financial institutions such as the Agricultural Development Bank of El Salvador; commercial insurance providers such as WTW; city administrations of Chokwe in Mozambique and Kaysone Phomvihane in Lao PDR; as well as several SMEs and community organizations.

34. The response from 343 different institutions to the initial Call for Proposals suggests this Challenge Program approach has potential to encourage innovative ideas from an increasing diversity of conventional and non-conventional actors. Partnerships with this diversity of actors can be an effective way to further advance GEF's efforts to strengthen resilience and reduce vulnerability to the adverse impacts of climate change in line with the Paris Agreement goals on adaptation. Indications are that this approach may be a useful model to engage an increasing spectrum of actors in presenting and developing GEF programs and projects.

35. The GEF-7 Programming Strategy on Adaptation to Climate Change for the LDCF and the SCCF and Operational Improvements calls for enhancing private sector engagement as a key dimension of its three objectives.<sup>11</sup> Recent progress in the development of the initial cohort of projects through the Challenge Program for Adaptation Innovation is confirming their potential to make an important contribution to addressing objectives and challenges articulated for the GEF to enhance private sector engagement in adaptation.

38. Based on these reflections, recommendations to be considered for further capitalizing on the impact potential of the Challenge Program for Adaptation Innovation are outlined below. These recommendations build on those provided in the Information Document prepared for the 27<sup>th</sup> meeting of the LDCF/SCCF Council.

- (i) Subject to resource availability, a second Call for Proposals by the Challenge Program for Adaptation Innovation may be opened prior to the end of GEF-7.
- (ii) Any subsequent call for proposals of this Challenge Program should:
  - a. Remain open to any proponent to submit concepts, in order to further attract concepts from a diversity of actors who may be non-conventional partners to the GEF, to strengthen innovation and private sector engagement in the GEF adaptation portfolio;
  - b. Target projects with strong impact and leveraging potential that reflect the innovation and private sector engagement objectives of this program;
  - c. Seek to involve more countries and sectors that have not had previous access to this program;
  - d. Mobilize innovative climate adaptation and resilience action and support that contribute to COVID-19 recovery and rebuilding efforts; and
  - e. Take actions to attract a greater diversity of strategies for innovation and private sector engagements, with a greater balance focused on system scale transformation. This should, for example, include focus on engagement of the finance sector, insurance, climate risk disclosure and management, and other approaches to overcoming systemic barriers to catalyzing private sector innovation and investment for adaptation.

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<sup>11</sup> SGEF, 2018, [GEF Programming Strategy on Adaptation to Climate Change for the LDCF and the SCCF and Operational Improvements](#), Council document GEF/LDCF.SCCF.24/03. Page 28.

- (iii) With a view to maximizing innovation and impact across all projects, robust knowledge-sharing and synergy creation efforts should continue to be a strong dimension of the current and any future cohorts of the Challenge Program projects.