

# FINANCING ADAPTATION TO CLIMATE CHANGE

## AT THE GLOBAL ENVIRONMENT FACILITY

The GEF supports adaptation to climate change in developing countries through the Least Developed Countries Fund (LDCF), which supports urgent, medium and long-term adaptation needs in least developed countries (LDCs), and the Special Climate Change Fund (SCCF), accessible by all developing countries. Established in 2001 at COP 7, the two funds also support implementation of the Paris Agreement.

- \$1.9 billion in grant funding for 386 adaptation projects in 98 countries\*
- LDCF and SCCF combined delivering direct benefits to 30 million people
- Bringing over 7 million hectares of land under climate resilient management
- Supporting adaptation mainstreaming in 507 regional, national, and sector-wide policies and plans, and 2,034 sub-national plans and processes

\*as of January 2021



### NEW THEMES



Adaptation technology incubators & accelerators



Climate risk and security



Enhanced private sector engagement



Challenge Program for adaptation innovation

The Least Developed Countries Fund exclusively targets the adaptation needs of least developed countries (LDCs). The LDCF has financed 305 projects with approximately \$1.6 billion in grants, directly benefitting 23 million people and strengthening capacities of 701 institutions at the regional, national, and sub-national levels. It supports: Adaptation planning to address

climate resilience needs at various timescales; Climate adaptation investments in the diverse landscapes and sectors that constitute priorities for today's 46 LDCs\*\*; and innovation and private sector engagement. The projects also identify opportunities to mitigate impacts of COVID-19 to contribute toward green recovery.

**Since the start of GEF-7 in 2018, the LDCF has approved 51 new LDCF projects for close to \$350 million in grant resources in 38 out of the 47 LDCs:**

- Afghanistan
- Angola
- Bangladesh
- Benin
- Burkina Faso
- Burundi
- Cambodia
- Chad
- Democratic Republic of the Congo (DRC)
- Djibouti
- Ethiopia
- Guinea
- Guinea-Bissau
- Haiti
- Kiribati
- Lao PDR
- Liberia
- Malawi
- Mali
- Mauritania
- Mozambique
- Myanmar
- Nepal
- Rwanda
- Senegal
- Sierra Leone
- Solomon Islands
- South Sudan
- Sudan
- Tanzania
- The Gambia
- Timor Leste
- Togo
- Tuvalu
- Uganda
- Vanuatu
- Yemen
- Zambia

\*\* At the start of the GEF-7 period (July 1, 2018), 47 countries were classified as LDCs. Vanuatu graduated from the LDC status on December 4, 2020, and accessed to the full GEF-7 LDCF resource cap prior to graduation.



**MAKING A DIFFERENCE IN PACIFIC SMALL ISLAND DEVELOPING STATES (SIDS)**

The project 'Climate-Resilient Urban Development in the Pacific' (\$17.5 million grant, Asian Development Bank) will address climate change risks to urban services, particularly water and sanitation, in the urban centers of four Pacific LDC SIDS: South Tarawa (Kiribati), Honiara (Solomon Islands), Funafuti (Tuvalu), and Port Villa (Vanuatu). Pacific SIDS are among the world's most vulnerable countries to adverse impacts of climate change. Urban areas tend to be on the coast and thus particularly exposed to

climatic hazards, with population growth hindering traditional coping mechanisms and contributing new stresses— socio-economic and environmental—that increase vulnerability. The program will focus on institutional and investment activities that will deliver direct adaptation benefits to 250,010 people, train 400 people about climate risks and adaptation options, and support adaptation mainstreaming in three development policies and plans. This project was approved in June 2019.



**SUPPORTING FARMING COMMUNITIES IN CAMBODIA**

The project Promoting Climate-Resilient Livelihoods in Rice-Based Communities in the Tonle Sap Region (\$9.7 million grant, FAO), will improve the climate resilience of rice growing communities through an ecosystem-based, market-driven approach. Cambodia is highly dependent on rice cropping, largely driven by smallholders, who are constrained by rainfall availability and affordable rice varieties. The proposed project will boost climate resilience in six provinces. The project will provide

direct adaptation benefits to 170,200 people, train 25,900 people about climate risks and adaptation options, increase the climate resilient management of 67,309 ha of land, and seek to mainstream adaptation in relevant national and provincial development policies and plans. Through the Sustainable Rice Platform, the project also has the potential to participate in emerging, innovative partnerships with the private sector. This project was approved in June 2019.



## SUPPORTING SYSTEM TRANSFORMATION

The GEF is committed to work with the global community to help restore the balance between Earth systems and humans. The GEF is supporting countries to enhance adaptive capacity, strengthen resilience

and reduce vulnerability to climate change in line with the goals of the Paris Agreement, by mainstreaming resilience and adaptation to catalyze transformation of key economic systems.

## ENHANCED COMPLEMENTARITY WITH OTHER SOURCES OF FINANCE

A critical aspect of the GEF's 2018-2022 adaptation strategy is to ensure complementarity with other finance sources, so that countries can undertake resilience programming in an effective and harmonized way. The 'coordinated engagement'

pilot with the Green Climate Fund (GCF) encourages joint GEF-GCF programming in countries. The two funds are strengthening coordination on support for National Adaptation Plans (NAPs) and harmonized investment support.

## ENHANCED PRIVATE SECTOR ENGAGEMENT

- **Expanding catalytic grant and non-grant investments:** Supports pilot investments to test new technologies, develop entrepreneurs through incubators, seed funding and venture capital approaches
- **Support enabling environments for the private sector to act as an agent for market transformation:** focus on fostering enabling environments for private sector engagement; enhancing risk pooling and

other insurance solutions, leveraging partnerships, exploring strategic linkages with private sector companies, and mobilizing the private sector as an agent for adaptation by supporting the mainstreaming of climate change adaptation and resilience considerations into business models and risk management capabilities.

**Challenge program for adaptation innovation to harness the potential of private sector actors launched**



The Special Climate Change Fund (SCCF) has supported 87 projects with \$355 million in grants. The SCCF investments are benefiting 7 million people, and supporting over 7,500 risk, vulnerability, and other assessments. Approximately 1/3 of the projects are focused on expanding access to improved climate information services.

The SCCF has recently focused on catalyzing innovative adaptation action with private sector engagement and partners. Examples include: supporting the establishment of the first-ever dedicated commercial equity investment vehicle focused on adaptation (CRAFT), and Adaptation SME Accelerator Project (ASAP). The SCCF also is supporting the use of nature-based infrastructure for climate adaptation through systemic approaches and valuation to inform decision-making.

The GEF is investing in highly innovative initiatives through the Challenge Program for Adaptation Innovation, based on an open, competitive call for proposals supported by the LDCF and SCCF. The program has attracted and engaged partners and ideas that have not been brought to the GEF through conventional programming. These partners include large-scale agricultural commodity managers, commercial financial institutions, leading academia, SME fund managers, commercial insurance providers, municipal governments, as well several SMEs and community organizations. The nine projects supported from the first call for proposals are mobilizing substantial co-financing and are expected to generate significant adaptation benefits and lessons learned.

## CATALYZING PRIVATE INVESTMENT TO SUPPORT RESILIENCE (\$1 MILLION SCCF GRANT; CONSERVATION INTERNATIONAL)

Together with partners including the Lightsmith Group, Nordic Development Fund and Conservation International, the SCCF helped contribute to an equity fund titled *Climate Resilience and Adaptation Finance and Technology Transfer Facility (CRAFT)*. CRAFT has been highly catalytic: by its first close, the \$1 million SCCF grant helped to mobilize \$88 million of signed commitments to invest. CRAFT has successfully demonstrated to deliver both strong financial returns and substantial, measurable social impacts. The project has contributed to building awareness in the private sector of the need and opportunity to invest in climate adaptation and resilience solutions



The Global Environment Facility (GEF) was established on the eve of the 1992 Rio Earth Summit to help tackle our planet's most pressing environmental problems. Since then, the GEF has provided more than **\$21.1 billion** in grants and mobilized an additional **\$114 billion** in co-financing for more than **5,000 projects** in **170 countries**. Through its Small Grants Programme, the GEF has provided support to more than 25,000 civil society and community initiatives in 133 countries.

