

# FINANCING ADAPTATION TO CLIMATE CHANGE

## AT THE GLOBAL ENVIRONMENT FACILITY

### ENHANCED FOCUS



Resilient people and  
ecosystems



Nature-based solutions



Access to finance



Innovation

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.

- \$2 billion in grant funding for 440 projects in 118 countries\*
- LDCF and SCCF combined deliver direct benefits to 60 million people
- Bringing approximately 11 million hectares of land under climate resilient management
- Supporting adaptation mainstreaming in approximately 3,300 policies, plans, and processes

\*as of October 2021



NEW! See our draft programming strategy for 2022-2026 at:  
<https://www.thegef.org/council-meetings/lDCF-SCCF-strategy>

The Least Developed Countries Fund exclusively targets the adaptation needs of least developed countries (LDCs). The LDCF has financed over 250 projects with approximately \$1.7 billion in grants, directly benefiting over 50 million people and strengthening management of over 7 million hectares of land for climate resilience at the regional, national, and sub-national levels. It supports:

### Since the start of GEF-7 in 2018, the LDCF has approved 58 new LDCF projects for close to \$410 million in grant resources in 43 out of the 47 LDCs:

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|---|--|--|---|
| <ul style="list-style-type: none"> <li>■ Afghanistan</li> <li>■ Angola</li> <li>■ Bangladesh</li> <li>■ Benin</li> <li>■ Burkina Faso</li> <li>■ Burundi</li> <li>■ Cambodia</li> <li>■ Chad</li> <li>■ Democratic Republic of the Congo (DRC)</li> </ul> | <ul style="list-style-type: none"> <li>■ Djibouti</li> <li>■ Ethiopia</li> <li>■ Guinea</li> <li>■ Guinea-Bissau</li> <li>■ Haiti</li> <li>■ Kiribati</li> <li>■ Lao PDR</li> <li>■ Liberia</li> <li>■ Malawi</li> <li>■ Mali</li> </ul> | <ul style="list-style-type: none"> <li>■ Mauritania</li> <li>■ Mozambique</li> <li>■ Myanmar</li> <li>■ Nepal</li> <li>■ Rwanda</li> <li>■ Senegal</li> <li>■ Sierra Leone</li> <li>■ Solomon Islands</li> <li>■ South Sudan</li> <li>■ Sudan</li> </ul> | <ul style="list-style-type: none"> <li>■ Tanzania</li> <li>■ The Gambia</li> <li>■ Timor Leste</li> <li>■ Togo</li> <li>■ Tuvalu</li> <li>■ Uganda</li> <li>■ Vanuatu</li> <li>■ Yemen</li> <li>■ Zambia</li> </ul> |
|---|--|--|---|

\*\* 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 program '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 centres 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 over 196,000 people, train over 1,400 people about climate risks and adaptation options, and support adaptation mainstreaming in three development policies and plans. This program was approved in June 2019.

### SUPPORTING FARMING COMMUNITIES IN CAMBODIA

  
The program, 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 68,000 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 TRANSFORMATIONAL ADAPTATION

The GEF is committed to work with the global community to help restore the balance between Earth systems and humans. The GEF will support

systemic interventions in key socio-economic systems to enable transformative shifts to long term, inclusive, climate-resilient solutions.

## ENHANCED COMPLEMENTARITY WITH OTHER SOURCES OF FINANCE

A critical aspect of the GEF's adaptation strategy is to ensure complementarity with other finance sources, so that countries can undertake resilience programming in an effective and harmonized way. The Long-Term Vision on Complementarity, Coherence and Collaboration Between the

Green Climate Fund and the GEF encourages coordinated visioning and programming in countries. The two funds are strengthening coordination to support major climate adaptation initiatives together, and will also support joint national investment planning in select countries.

## ENHANCED PRIVATE SECTOR ENGAGEMENT

Private sector action in climate adaptation is rapidly evolving, with largely untapped impact potential for supporting local vulnerable populations. With a strong focus on nature-based solutions, private sector innovation is catalyzed by:

- **Enabling the conditions for private sector to act as an agent for market transformation, including by improving use of climate information to drive climate investment decision-making; strengthening consistency and use of robust metrics and standards throughout financial supply chain; and integrating climate change risk management, cost modeling, and ecosystem service valuation within regulatory frameworks.**

- **Using grant finance to share risk and catalyze private sector investment that helps people and communities adapt to devastating climate impacts, including through insurance and green financing products.**

- **Incubating and accelerating micro, small and medium enterprises through a holistic value chain approach including climate resilient production, distribution, and innovative financing.**

- **Catalyzing inclusive microfinance at fair terms to help small-holder farmers and small business owners transition to climate adaptation and resilience.**



The Special Climate Change Fund (SCCF) has supported approximately 90 projects with over \$360 million in grants. The SCCF investments are benefiting over 7 million people, and supporting over 7,500 risk, vulnerability, and other assessments. Approximately one-third of the projects are focused on expanding access to improved climate information services.

The SCCF has recently focused on adaptation in SIDS, private sector engagement, and innovative solutions. For example, through the SOILCARE project, it will support adaptation mainstreaming in sustainable land management activities (supported by a GEF Trust Fund grant) in eight Caribbean SIDS.

The GEF is investing in highly innovative initiatives through the Challenge Program for Adaptation Innovation, based on an open, competitive call for concepts 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, and several SMEs and community organizations. The nine projects supported from the first call for concepts are mobilizing substantial co-financing and are expected to generate significant adaptation benefits and lessons learned.

A second call for concepts was launched in August 2021. Winners will be announced at COP26.

## SCALING UP NATURE-BASED INFRASTRUCTURE THROUGH ECONOMIC VALUATION AND GLOBAL PARTNERSHIPS (\$2 MILLION SCCF GRANT; INTERNATIONAL INSTITUTE FOR SUSTAINABLE DEVELOPMENT, UNIDO)

Despite knowing how beneficial nature-based solutions can be, decision-makers often don't have the economic tools at hand to make informed decisions on nature-based versus traditional (gray) infrastructure. This innovative project is supporting monetary valuation of nature-based infrastructure (NBI), with the objective of demonstrating their economic case, and thereby catalyzing more public and private investment. In collaboration with the MAVA Foundation and UNIDO, the project has established the NBI Global Resource Centre at the International Institute for Sustainable Development (IISD). This global centre is collaborating with governments and project developers globally to demonstrate the monetary value of NBI investments, and will develop a massive open online course and public database to support future valuations. It uses innovative system dynamics simulations with project finance modelling and climate projections in order to value ecosystem services and adaptation benefits from NBI.



The Global Environment Facility (GEF) was established 30 years ago on the eve of the Rio Earth Summit to tackle our planet's most pressing environmental problems. Since then, it has provided more than **\$21.5 billion** in grants and mobilized an additional **\$117 billion** in co-financing for more than **5,000 projects** and programs. The GEF is the largest multilateral trust fund focused on enabling developing countries to invest in nature, and supports the implementation of major international environmental conventions including on biodiversity, climate change, chemicals, and desertification. It brings together 184 member governments in addition to civil society, international organizations, and private sector partners. Through its Small Grants Programme, the GEF has provided support to more than 25,000 civil society and community initiatives in **135 countries**.