



Introduction

In June 2022, the LDCF/SCCF Council developed a new climate change adaptation strategy¹ for the 2022-26 period for the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF). This strategy outlines enhanced innovation, technology transfer, and private sector engagement as a key priority for both LDCF and SCCF Programming. The GEF's focus in this area is responsive to UNFCCC guidance. The role of the LDCF and SCCF as a catalyst to enable greater private sector action and support for climate adaptation is recognized in the Long-Term Vision on Complementarity, Coherence and Collaboration between the Green Climate Fund (GCF) and the GEF.2 This also aligns with the evaluation by the GEF Independent Evaluation Office on support to innovation. The evaluation recommends that the GEF continue to explore and partner with innovation support programs that may mobilize larger sources of risk capital, and explicitly encourage adaptive, flexible management of innovative interventions.3

Why a dedicated focus on innovation, technology transfer, and private sector engagement?

An unprecedented pace and scale of technology transfer, innovation, and investment are urgently needed across all sectors to avoid the most severe impacts of our increasingly broken climate. The required scale and pace of transformation necessitates proactive and innovative partnership throughout the private sector. Innovation and private sector engagement in climate change adaptation and resilience are rapidly evolving, driven by a combination of factors such as technological progress, market demand, financial risk, and business opportunity. However, this innovation and private sector action have yet to achieve the desired speed and scale that is urgently needed to address the climate adaptation financing gap and create a more climate-resilient society.

What kind of adaptation actions will the GEF support for innovation, technology transfer, and private sector engagement?

Entry points include promoting technology transfer, innovation, and deployment; enabling the conditions for private sector action; catalyzing private sector investment through risk sharing; incubating and accelerating micro, small, and medium enterprises; and catalyzing inclusive microfinance for smallholder farmers and micro enterprises to invest in practical solutions for localized adaptation action at scale. Support is provided to pilot and commercialize firstof-a-kind climate change adaptation technology solutions, as well as adoption of known technology solutions in new country contexts. Recognizing the iterative nature of adaptation and the importance of learning for impact and efficiency, advancing the pace and impact of innovation and private sector engagement requires active learning and collaboration across countries, particularly though South-South learning among developing countries.

The LDCF and SCCF support this, in part, through the Challenge Program for Adaptation Innovation. The enhanced allocation for the Challenge Program in the GEF-8 period is to address the unmet demand and successful track record demonstrated through the first two rounds in GEF-7. The pilot approach enabled a diversity of proponents to share their concepts for consideration. This has proven to be an effective way to attract transformative ideas and resources directly from technology, private sector, and civil society innovators. Countries may coordinate their programming under the LDCF and SCCF with programming of their GEF STAR allocations. They may also draw on other sources of climate adaptation finance, including scaling up GEF support with largerscale financing from the Green Climate Fund.

¹ GEF, 2022, GEF Programming Strategy on Adaptation to Climate Chante for the LDCF and SCCF for the GEF-8 Period of July 2022 to June 2026 and Operational Improvements, GEF/LDCF.SCCF/04/Rev.01

² GEF, 2021, Long-Term Vision on Complementarity, Coherence and Collaboration between the Green Climate Fund and the Global Environment Facility, Council Document GEF/C.60/08.

³ GEF IEO, 2021, GEF Support to Innovation: Findings and Lessons, Council Document GEF/E/C.60/02.

GEF support for adaptation of innovation, technology transfer, and private sector engagement to date

The LDCF and SCCF have an active and increasing trajectory of support for adaptation of innovation, technology transfer, and private sector engagement. The transfer of climate-resilient technology has been a key cross-cutting theme for the LDCF and SCCF since their inception. In

GEF-7 (2018-2022), 65 projects were approved. These include financing to reduce vulnerability and increase resilience through innovation and technology transfer, which totaled \$331.1 million and leveraged \$1,424.9 million in co-financing.44 The Challenge Program for Adaptation Innovation has supported 19 medium sized projects, which are successfully engaging a growing set of private sector actors and other climate innovators who are non-traditional partners to the GEF.

4 Inclusive of GEF project financing, PPG, and Agency fees.



This project will support selected cities in adopting a systematic approach to prioritizing infrastructure needs, identifying key investment projects, and matching with private financiers, including leveraging the CTCN network for climate change technology data. The project is producing methodologies and a financing toolkit for medium-sized cities, as well as on-the-ground pilot projects in three cities.



With support from the Challenge Program for Adaptation Innovation, this project will address climate hazards related to the impacts of precipitation variability. These hazards, are anticipated to cost Eastern and Southern African farmers billions of dollars in crop losses if adaptation and resilience action is not proactively taken. CIAT and FAO will work with media financial sector partners to scale the demand for, and supply of, climate, technical, and financial service information. The project will gamify incentives to rapidly increase climate change awareness and familiarize an expected 50,000 Ugandan and Zambian farmers with climate information services, driving increased demand for risk management strategies. The project will also extend smallholder farmer-friendly insurance and credit products, including index insurance, normal credits, and riskcontingent credit to farmers.



With support from the Challenge Program for Adaptation Innovation, this multi-trust fund project with the LDCF and SCCF will accelerate financial technology-enabled climate resilience solutions across target markets. With over 50 partner organizations, the BFA Global will launch an ecosystem for innovation to create opportunities and solutions at the intersection of modern finance and climate action, centered on vulnerable communities in emerging markets. The project will accelerate startups to refine their products and scale them, building on a learn-by-doing approach developed by the BFA Global's Catalyst Fund.

The GEF is a family of funds dedicated to confronting biodiversity loss, climate change, pollution, and strains on land and ocean health. Its grants, blended financing, and policy support helps developing countries address their biggest environmental priorities and adhere to international environmental conventions. Over the past three decades, the GEF has provided more than \$22 billion and mobilized \$120 billion in co-financing for more than 5,000 national and regional projects.

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