



## ADAPTATION FUND

# REGIONAL PROJECT/PROGRAMME PROPOSAL

### PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme: Special Financing Window in Support of Innovation for Adaptation

Countries:	Global
Thematic Focal Area <sup>1</sup> :	Cross-sectoral
Type of Implementing Entity:	Multilateral Implementing Entity (MIE)
Implementing Entity:	UN Environment
Executing Entities:	CTCN
Amount of Financing Requested:	US\$ 5,000,000 (in U.S Dollars Equivalent)

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<sup>1</sup> Thematic areas are: Food security; Disaster risk reduction and early warning systems; Transboundary water management; Innovation in adaptation finance.

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## **Project / Programme Background and Context:**

### **1. Project Overview**

The Medium-Term Strategy 2018-2022 of the Adaptation Fund establishes a strategic focus on innovation including a micro-grants facility to develop and/ or test innovative adaptation products and technologies. Likewise the Technology Framework of the United Nations Framework Convention on Climate Change (UNFCCC) includes, as a key theme, support to accelerate and scale up innovation at different stages of the technology cycle to help countries to build resilience, foster sustainable development and ensure gender responsiveness.

This project will operationalize the Adaptation Fund innovation micro-grants facility in countries with no national implementing entity (NIE) while supporting the exchange of knowledge and information. In doing so, the project will encourage and accelerate new adaptation innovations while generating the evidence base for the scaling up of innovative adaptation products and technologies.

Key components of the project include: technical assistance to identify, test and accelerate new practices, tools and technologies for effective adaptation; communication, learning and knowledge sharing, especially through south-south collaboration; and project management to ensure the effective uptake and delivery of the micro-grants facility.

### **2. Geographical Context**

The Adaptation Fund currently works in more than 80 countries while the Climate Technology Centre and Network (CTCN) works in 93 developing countries.

Particular attention will be paid to ensuring regional balance and adequately addressing the particular needs of Least Developed Countries (LDCs) and Small Island Developing States (SIDS).

The learning and knowledge management portion of the project, component 3, will be open to all non-Annex 1 countries including those with NIEs under the Adaptation Fund.

### **3. Climate Change and Innovation**

Countries are facing diverse impacts of climate change, such as increased temperature, changes in rainfall patterns leading to increase droughts and floods, sea level rise, and increased intensity and frequency of extreme weather events. These effects are seriously impacting all social and economic aspects of society, including the availability of natural resources and the security of livelihoods, threatening agricultural production, food systems, the availability of water, as well as peoples' health and safety. Solutions to cope with climate change and to adapt to its negative effects are therefore inseparable from socio-economic issues and the achievement of the Sustainable Development Goals (SDGs) in all developing countries

The 2018 Intergovernmental Panel on Climate Change (IPCC) Special Report on Global Warming of 1.5°C underscores the challenges ahead as climate change intensifies. It details how climate variability and extreme events will escalate with increased global temperatures and indicates that many impacts will be irreversible, particularly on ecosystems and biodiversity, or difficult to manage above 1.5°C. Key messages of 'high confidence' are that:

- Human activities are estimated to have caused approximately 1.0°C of global warming above pre-industrial levels;
- Future climate change risks depend on rate, peak and duration of warming;
- Temperature extremes on land are projected to warm more than global mean surface temperature with the highest increases felt in the tropics;
- Sea level rise will continue beyond 2100 even if global warming is limited to 1.5°C;
- Coral reefs are projected to decline by a further 70 to 90 percent at 1.5°C with losses of 99 percent at 2°C; the risk of irreversible loss of many marine and coastal ecosystems increases with global warming at 2°C;
- Global warming of 1.5°C is projected to increase the damage to ecosystems and drive the loss of coastal resources and reduce the productivity of fisheries and aquaculture at 1.5°C; and
- Some vulnerable regions, including small islands and Least Developed Countries are projected to experience high multiple interrelated climate risks even at global warming of 1.5°C.

The latest IPCC report<sup>2</sup> identifies a wide range of adaptation options that are available to reduce the risks to natural and managed ecosystems (e.g., ecosystem-based adaptation, ecosystem restoration and avoided degradation and deforestation, biodiversity management, sustainable aquaculture, and local knowledge and indigenous knowledge), the risks of sea level rise (e.g., coastal defense and hardening), and risks to health, livelihoods, food, water, and economic growth, especially in rural landscapes (e.g., efficient irrigation, social safety nets, disaster risk management, risk spreading and sharing, and community-based adaptation), and urban areas (e.g., green infrastructure, sustainable land use and planning, and sustainable water management).

In order to implement these options, the IPCC report identifies the need for widespread adoption of new and possibly disruptive technologies and practices and enhanced climate-driven innovation. These imply enhanced technological innovation capabilities, including in industry and finance. According to the report, innovation policies may be more effective when they combine public support for research and development with policy mixes that provide incentives for technology diffusion. Non-Annex 1 countries thus require facilitated access to adaptation technologies to be able to cope with the adverse impacts of climate change.

The IPCC report also points out that both national innovation policies and international cooperation can contribute to the development, commercialization and widespread adoption of adaptation technologies. International cooperation is a critical enabler for developing countries and vulnerable regions to strengthen their action for the implementation of 1.5°C-consistent climate responses, including through enhancing access to finance and technology as well as enhancing domestic capacities, while taking into account national, local, and gender-differentiated circumstances and needs.

### **3.1 Innovation: global relevance**

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<sup>2</sup> Global Warming of 1.5 °C, October 2018, [https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15\\_SPM\\_version\\_report\\_LR.pdf](https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15_SPM_version_report_LR.pdf)

The Technology Mechanism, as per Article 10, paragraph 4, is intended to support the implementation of the Paris Agreement in pursuit of the long-term vision referred to in Article 10, paragraph 1. The long-term vision for technology development and transfer shared by Parties relates to the importance of fully realizing technology development and transfer in order to improve resilience to climate change and reduce greenhouse gas emissions.

With regards to innovation, the Technology Framework states that,

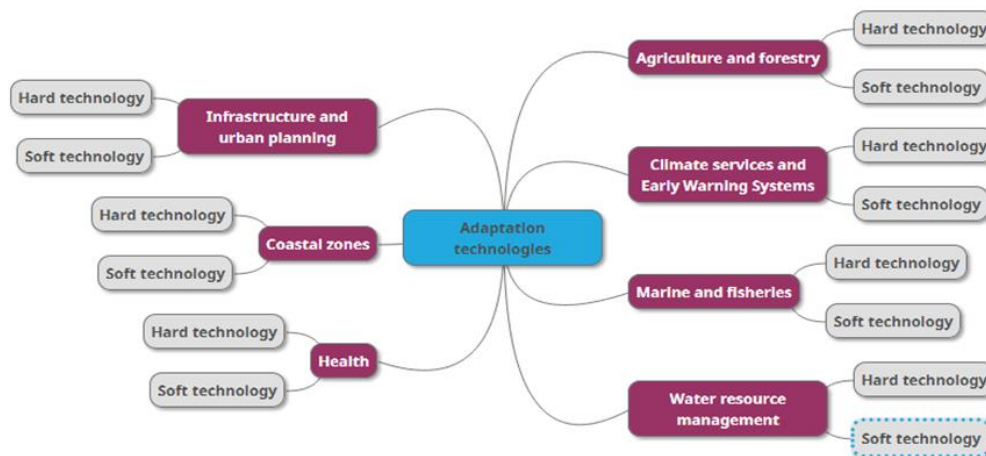
*‘As stipulated in Article 10, paragraph 5, of the Paris Agreement, accelerating, encouraging and enabling innovation is critical for an effective, long-term global response to climate change and promoting economic growth and sustainable development.*

*To achieve the purpose and goals of the Paris Agreement, there is a pressing need to accelerate and strengthen technological innovation so that it can deliver environmentally and socially sound, cost-effective and better-performing climate technologies on a larger and more widespread scale.’*

As defined by the Intergovernmental Panel on Climate Change (IPCC) climate technologies cover any piece of equipment, technique, practical knowledge or skills for performing a particular activity that can be used to face climate change. Adaptation technologies can be classified as three types:

- “Hard” technologies (or hardware): physical tools or structures;
- “Soft” technologies (or software): processes, knowledge and skills, indigenous management approaches;
- Organizational technologies (or orgware): ownership and institutional arrangements pertaining to a technology. E.g. water-user associations and water-pricing specification and sectoral application. Figure 1 illustrates the range of possibilities for adaptation technologies.

**Figure 1. Illustration of the range of possibilities for adaptation technologies**



Innovation goes beyond the common assumption of inventing technologies that are new to the world: i.e. radical innovations emerging from science-intensive R&D. Invention is the first occurrence of an idea (e.g. how to harness technical principles for making a touchscreen interface, Fagerberg, 2005) whereas innovation is the first implementation of that idea in practice (e.g. the first incorporation of a touchscreen into a mobile phone released on the market, Fagerberg, 2005). Not all innovations are radically new technologies based on scientific R&D. A technology or practice can be considered innovative when it is introduced into a new market.

Innovation is “context-specific” and therefore it is important to understand the circumstances in which the innovation takes place. Innovation is also a systemic process in which a range of interacting actors and resources together underpin successful technology development and deployment. Thus, effective technological change requires paying attention to all components and key functions of this system (UNFCCC TEC, undated).

For the purpose of this project:

- Adaptation innovation is defined as the “application of physical tools, processes, knowledge and skills with the aim of building resilience and adapting to climate change”.
- Three main elements will be considered to identify and assess innovation in adaptation technology:
  - It can be a new, existing or improved technology;
  - It can be of 2 types: a hard or soft technology – i.e. the hard- and soft- ware; and
  - It should be scalable (e.g. supported by suppliers by private entrepreneurs by financially viable and scalable business models).

### **3.2 Innovation: national relevance**

With regards to coherence with national priorities, 95 percent of all non-Annex I countries mention innovation and technology in their (Intended) Nationally Determined Contributions ((I)NDC). Furthermore, more than 100 non-Annex I Parties state that they need international support for technology development and transfer to implement their (I)NDC. Within the broad category of technology, almost half of non-Annex 1 countries refer specifically to RD&D and innovation with the highest level of interest in innovation coming from LDCs.

To support national ambitions on innovation and technology development for climate change adaptation, 85 countries have developed Technology Needs Assessments (TNA) with an additional 25 developing countries currently in the process of drafting their TNA. These TNA’s determine national climate technology priorities, support national sustainable development, build national capacity and facilitate the implementation of prioritized climate technologies.

For each of the prioritized technologies included in the TNA, countries define specific activities, identify possible partners, and elaborate a desired timeframe, and funding strategy. Technology Action Plans (TAPs) also include specific project ideas to support actual implementation of the selected technologies and to seek additional funding, nationally and internationally. The types of activities and efforts identified in the TAP include: developing or strengthening the enabling environment (regulations and strategy design, development of incentives, market support, creation of public private partnerships, strengthening of institutional capacities) but also support

to technology demonstration and development (research and development, training, development of standards, feasibility analysis, technology demonstration and awareness, etc.).

The current project will build on the TNA and associated TAP (where available) in order to catalyse concrete adaptation action through further support for innovation. The project will strengthen the business case for TNA and TAP identified actions and support the acceleration of identified innovation. In countries in which no TNA or TAP is available, the project will focus on the identification and testing of appropriate innovations including costed implementation plans, as well as the support for the adoption of adaptation innovations by the public and private sector.

### **3 Barriers to be Removed by the Proposed Project**

According to the 'Third synthesis report on technology needs identified by Parties not included in Annex I to the Convention'<sup>3</sup>, the development and transfer of adaptation technologies and innovations is hampered by a number of barriers, including: economic and financial, policy, legal and regulatory, institutional and organizational, and technical barriers. A report on LDCs experience with the Technology Mechanism also elaborated barriers to accessing support for innovation for climate responses including: a lack of capacity and awareness, difficult processes and limited funding<sup>4</sup>.

A report commissioned by UN Environment on the possible design parameters for a technology innovation fund highlighted the following situation on technologies for adaptation in three non-LDC countries:

1. The supply side is weak in each of these countries (though that is not to be confused with potential market activity);
2. The enabling environment is a critical constraint. Demand is weak and affordability levels are low; and
3. Some of the technologies considered in the study were of very high cost e.g. desalination units, hydroponics: these are really geared to the commercial sector. There are very big gaps in affordable adaptation technologies for the millions of people on low incomes.

Most technologies assessed through the UN Environment report were identified through consultation and desktop research and focused on two sectors – agriculture and water resources management, which, though important to the economies of many developing countries, do not represent the wide range of impacts and sectors affected by climate change.

Across the country case studies mentioned above, high upfront cost was identified as the main barrier to the market growth of the most promising innovations and technologies. Interestingly, financial mechanisms were only mentioned as the second type of potential enablers to overcome barriers to market growth across all country case studies (after technical enablers). This was followed by social, policy and institutional enablers which relates to the demand side and broader enabling environment (regulation and policy).

In addition, many private suppliers of adaptation innovations and technologies did not seem to have a good understanding of the market potential for the technologies they are selling, hence

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<sup>3</sup> <https://unfccc.int/resource/docs/2013/sbsta/eng/inf07.pdf>

<sup>4</sup> Craft, B, Gama, S and Namgyel, T. 2017. Least Developed Countries' experiences with the UNFCCC Technology Mechanism. IIED Issue Paper, IIED, London.

the need to rely on secondary data to assess the market potential and support needs for most technologies. This implies that little market research has been undertaken by these companies to identify market segments and key performance indicators. In turn, this means in many cases, these companies may lack a strategic business plan or basic business planning skills, or be unable to identify the specific type and amount of financial support they need.

The independent review of the effective implementation of the CTCN<sup>5</sup> identified several key barriers to scaling up technology development and transfer. The first type of barriers relates to challenges to institutional set-up and building the appropriate enabling environment that can facilitate and incentivize the use and large-scale deployment of climate technologies. This includes:

- Strengthening institutions and inter-institutional collaboration;
- Adopting government policies and regulations that can encourage technology users, producers and investors through specific incentives such as subsidies, duties; and
- Establishing enabling contractual arrangements to facilitate technology uptake.

The second type of barriers relate to knowledge and technical capacities. To address this barrier there is a need for the transfer of information and knowledge on the most appropriate technologies, practices and tools to be encouraged and used in the country, at local and national scale.

The third type of barriers relate to the disconnect between financing mechanisms and on the ground technology needs, leading to a lack of public and private investments in climate technologies. Experts point out that this is not explained by a general lack of funds available but rather by a lack of knowledge and capacity to access finance, and insufficient information and assessment to demonstrate specific technology potential.

There are currently very few funds specifically focused on adaptation innovation and technology. The Private Finance Advisory Network (PFAN) and the planned GCF incubator and accelerator initiatives are among the few innovation initiatives with a focus on adaptation. The PFAN adaptation window has, however, only recently been launched and the GCF facility is not yet operational.

In addition to the above, the GEF-UNDP small grants programme focuses only on GEF Trust Fund environmental priorities. Furthermore, in the private sector, while there are initiatives focusing on debt and equity instruments for companies, many of which include adaptation for agriculture and land-use; ranging from micro to larger scale, there are none that have a broader adaptation focus.

### **Preferred solution for a technology acceleration fund**

Four categories of technologies whose market growth could be potentially supported via a technology support mechanism were identified:

- Technologies in which the domestic private sector is currently involved but there is a need to scale up the existing market;
- Technologies in which the domestic private sector is not currently involved because there is a lack of awareness and/or technical expertise;

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<sup>5</sup> FCCC/CP/2017/3



- Technologies that are not financially viable because they are supplied by the government or by non-profit sector (often for free or at a very low price only covering the running cost of the technology and providing organization). Efforts should be focused on raising awareness of the government to remove policy or market barriers to develop a private sector market; and,
- Technologies for which there is currently not enough demand and efforts should be focused on raising awareness of potential final users and removing policy or market barriers to develop the market.

For technology development under the first category, which are “quick-wins” to promote the growth of existing adaptation technologies, the project could help:

- support scaling up the demand for technologies, for instance through awareness-raising campaigns amongst final users, or engaging with the local government to strengthen the enabling environment by removing regulatory and policy barriers;
- conduct market research on specific technologies, or provide standard business training courses, for instance on business planning; and
- conduct learning exchanges to facilitate the transfer of expertise and knowledge, for instance for scaling up a specific technology (including soft technologies) by targeting existing local private suppliers across the continent, or mentoring new entrepreneurs that want to introduce a technology that is not currently available in a specific country but for which expertise exists into another.

While looking to capitalize on these quick wins, the project would also support the growth of new or more nascent technologies that have not reached demonstration or commercialization stages, including the promotion of soft solutions.

### **The CTCN model**

The CTCN as the operational arm of the UNFCCC Technology Mechanism has, for five years, sought to support the development, transfer and deployment of climate-related innovations in a country-driven manner, to address the three types of barriers: institutional, technical and financial. Based on an analysis of 147 requests for technical assistance, the following priority areas for action have been identified:

- Institutional barriers and enabling environment:
  - Providing recommendations for law, policies and regulations; and
  - Development of sector technology roadmaps and strategies.
- Knowledge and technical barriers:
  - Technology identification and prioritization;
  - Piloting technologies in local conditions; and
  - Decision-making tools and information systems.
- Investment barriers and access to finance:
  - Facilitating financing; and
  - Technology feasibility assessments.

The CTCN works on a country-driven model through National Designated Entities. The 161 NDEs to the CTCN serve as an established and effective mechanism for national engagement on climate change adaptation innovation and technology. In particular, because of their diverse institutional affiliations. CTCN NDEs represent a range of stakeholders from government supported research institutes to ministries of science and technology. CTCN NDEs also

maintain close connections with focal points to the financial mechanisms and are linked to climate change planning processes, especially NDCs.

The CTC has a Network of 480 climate technology stakeholders, including academic, finance, non-government, private sector, public sector, and research entities. Almost half of these Network Members are located in developing countries.

To overcome the barriers identified earlier, the CTCN approach to provide technical assistance has been carefully designed to:

- work through national focal points;
- provide small, rapid and catalytic support to address barriers to innovation;
- implement through a competitive bidding process by network members;
- require a national partner for all technical assistance to build endogenous capacity for scaling;
- maintain a robust knowledge management framework to facilitate continuous learning and support south-south cooperation; and
- ensure links between technical assistance and national planning and budgeting processes.

Based on the Adaptation Fund Medium Term Strategy, experience of the CTCN and on country priorities expressed in the NDCs and other strategic documents related to adaptation, the project proposes to support technology identification, development and deployment to enable the use of most appropriate innovative technologies, tools and practices to enhance adaptation action. The project will focus on those innovations with the greatest potential for transformational impact based on the specific innovation ecosystem in each recipient country. The innovation ecosystem includes the institutional framework to support innovation, innovation priorities as elaborated in national planning documents, and financial models and markets to support taking innovation to scale.

## **The project strategy**

### **Project / Programme Objectives:**

The primary objective of the programme is to support countries to test, evaluate, roll out and scale up innovative adaptation practices, products and technologies.

Within this ultimate objective the programme will focus on Expected Result 3 of the Adaptation Fund Medium Term Strategy 2018-2022 - New innovations encouraged and accelerated (development of innovative adaptation practices, tools and technologies encouraged and accelerated) and Expected Result 4 – Evidence base generated (evidence of effective, efficient adaptation practices, products and technologies generated as a basis for implementing entities and other funds to assess scaling up). The implementation plan of the MTS states that the expected Outcome of the innovation pillar will be that innovation for effective, long term adaptation to climate change will be accelerated, encouraged and enabled.

Finally, the programme will facilitate information sharing and the exchange of best practices in order to support a learning mechanism for innovation in adaptation.

### Programme Components and Financing:

Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (US\$)	Co-funding from the CTCN (US\$)
1. Outreach and sourcing of innovation micro-grant proposals	The innovation micro-grants mechanism is launched and partnerships for accessing the Adaptation Fund innovation mechanism are accelerated	Outreach plan developed for 70 countries in the programme  Project concept notes for Adaptation Fund innovation micro-grants mechanism are strengthened in 30 countries through partnerships with CTCN Network Members	Global	340,375	200,000
2. Micro-grants support the development and diffusion of innovative adaptation practices, tools, and technologies	Adaptation innovation and technology incubation and acceleration supported by government structures and processes	Promising Adaptation Innovations and Technologies are accelerated in 15 countries  Technical and financial systems to accelerate adaptation innovation and technology action are strengthened in 10 countries	Global	3,500,000	500,000
3. Concrete adaptation actions are triggered by the knowledge and evidence produced by the micro-grant mechanism	Experiences from the micro-grant innovation mechanism lead to scaled-up funding	Lessons learned and good practices from project implementation support are shared 5 joint communication materials are published and disseminated 2 technology investments proposals are developed	Global	300,000	300,000
5. Programme Execution cost (9.5%)				434,625	
6. Total Programme Cost				4,575,000	
7. Programme Cycle Management Fee charged by the Implementing Entity (9.3%)				425,000	
<b>Amount of Financing Requested</b>				<b>5,000,000</b>	

**Projected Calendar:**

*Indicate the dates of the following milestones for the proposed project/programme*

This will be a five-year project with the following milestones:

<b>Milestones</b>	<b>Expected Dates</b>
Start of Project/Programme Implementation	January 2020
Mid-term Review (if planned)	December 2022
Project/Programme Closing	December 2024
Terminal Evaluation	April 2025

## **PART II: PROJECT / PROGRAMME JUSTIFICATION**

- A.** Describe the project / programme components, particularly focusing on the concrete adaptation activities, how these activities would contribute to climate resilience, and how they would build added value through the regional approach, compared to implementing similar activities in each country individually. For the case of a programme, show how the combination of individual projects would contribute to the overall increase in resilience.

The Implementation Plan of the Adaptation Fund Medium Term Strategy establishes an Innovation Facility, which includes small and large grants. The expected Outcome of the innovation pillar will be that innovation for effective, long term adaptation to climate change will be accelerated, encouraged and enabled. The mechanism will pay special attention to fostering innovation in Least Developed Countries (LDCs) and Small Island Developing States (SIDS), paying due regard to two criteria in awarding the small grants:

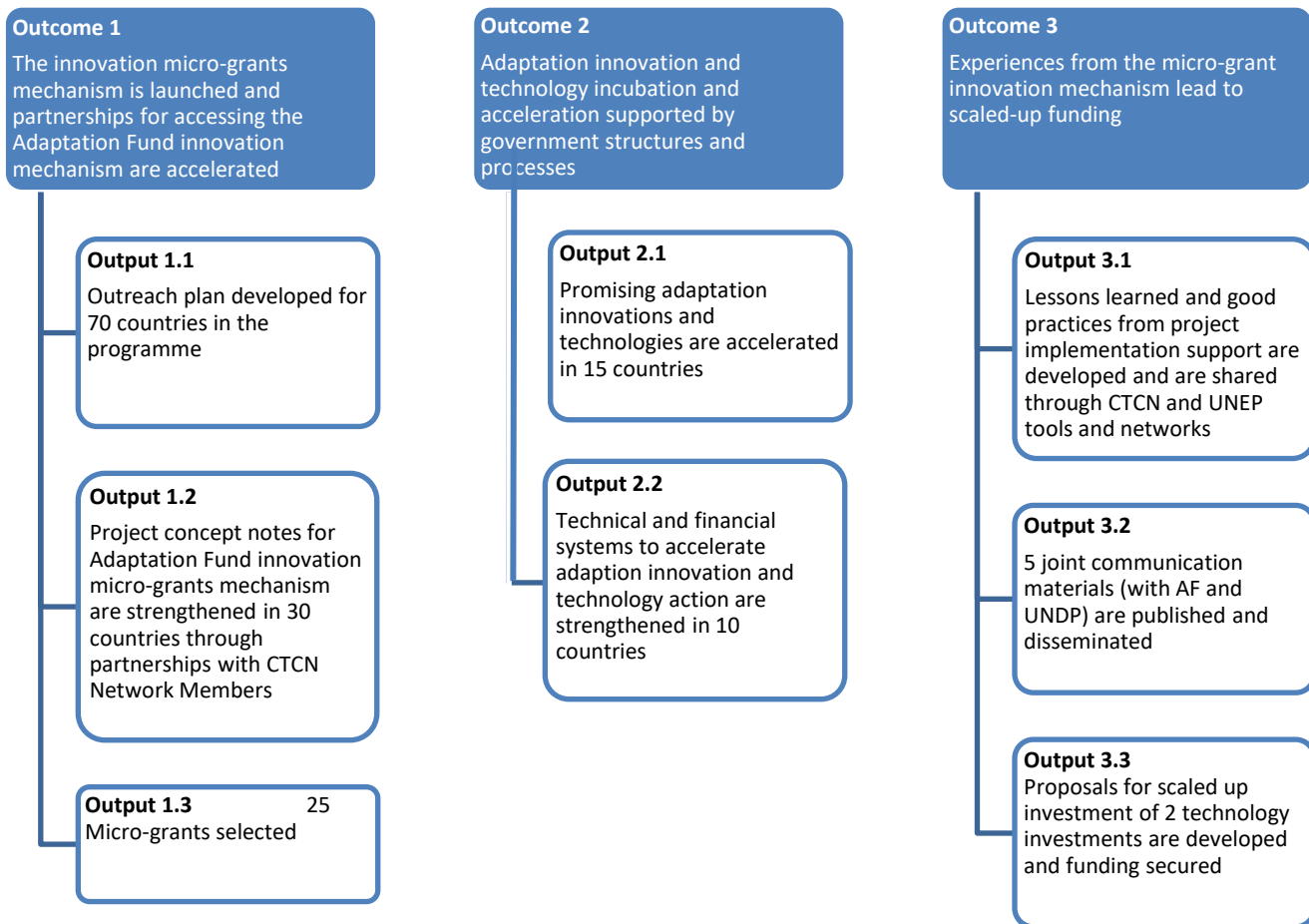
- i. Engaging, empowering and benefitting the most vulnerable communities and social groups, and;
- ii. Advancing gender equality and the empowerment of women and girls.

The small grants will be awarded to eligible vulnerable developing countries through two routes: directly through national implementing entities (NIEs) to those countries that have accredited NIEs, and through an MIE aggregator delivery mechanism to other entities that are not accredited with the Fund.

The project logic to address the second route is presented in the diagram below. Additional details are provided in the narrative section.

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Figure 1: Programme strategy structure



**Component 1: Outreach and sourcing of innovation micro-grant proposals**

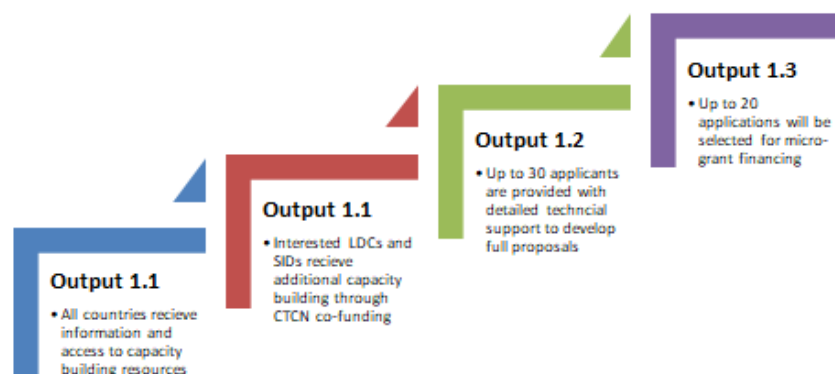
**Outcome 1: The innovation micro-grants mechanism is launched and partnerships for accessing the Adaptation Fund innovation mechanism are accelerated**

Under this component, two rounds of requests for proposals (RFP) will be implemented. The project will open a call for applications from DAs with support from NDEs in the form of a secondary signature on the request form. The DA signature on the request form will be considered as the endorsement of the project proposal. The call for proposals will make it clear that the micro-grants facility is an Adaptation Fund window with UNEP/CTCN providing administrative and implementation support.

The experience from the first round of RFP will contribute to the improvement of the process for the second round of RFP. Applications would be received on a rolling basis and evaluated against the eligibility and selection criteria by CTCN staff. CTCN staff would also apply balancing criteria to ensure that LDCs, SIDs and vulnerable communities are well served by the project.

To ensure that LDCs and SIDS have sufficient support to engage in the offering of innovation ideas additional assistance will be provided through CTCN co-funding.. The process is will be as indicated in Figure 2.

Figure 2: Innovation small grant identification process



The CTCN has a significant existing networking and communications infrastructure that would be brought to bear to support the launch of the project and recruitment of the technology offering. In particular, the CTCN Knowledge Portal, [www.ctc-n.org](http://www.ctc-n.org), reaches over 100,000 visitors per year including climate change professionals, government officials, researchers, and students around the world. It enables users to access information on climate change innovations, download publications and case studies, and watch live technology-related webinars.

Within the Adaptation Fund, Designated Authorities (DAs) are government officials who act as points of contact for the Adaptation Fund. On behalf of their national governments, the designated authorities endorse: the accreditation applications of National or Regional Implementing Entities before they are sent to the fund's secretariat for assessment, and proposals by National, Regional, or Multilateral Implementing Entities for adaptation projects and programmes in the DA's country.

The CTCN and Adaptation Fund focal points are complemented by the established network of adaptation practitioners UN Environment maintains through its extensive portfolio of adaptation projects, especially with regards to ecosystem-based approaches to adaptation and urban resilience. Furthermore, UN Environment networks will be engaged in the soliciting of innovation ideas. For example, the Sustainable Rice Platform (SRP) is a multi-stakeholder platform is co-convened by UN Environment and the International Rice Research Institute to promote resource efficiency and sustainability in trade flows, production and consumption operations, and supply chains in the global rice sector with an increasing focus on climate-resilient innovations and a membership of 90 institutions reaching 600,000 rice smallholders. Under the Regional Seas programme, UN Environment administers regional programmes in West Africa, Caribbean,

Northwest Pacific, East Asian Seas, Caspian Seas and East Africa, with country focal points in each participating country.

In order to avoid risks to project implementation from a lack of knowledge and information or limited awareness, Component 1 will focus on stakeholder engagement and capacity building.

While all eligible countries will be involved in output 1 to generate awareness of the project, it is understood that a parallel project submitted by UNDP will be implemented and that whenever possible, countries should be allowed the choice of which aggregator to serve them.

*Output 1.1.: Outreach plan developed for 70 countries in the programme*

In order to effectively engage in innovation for adaptation a number of conditions need to be in place. In particular countries must have:

- A clear understanding of innovation and technology options,
- A plan to promote the development and acceleration of prioritized innovation and technology options, and
- Partnerships at multiple levels to build capacity and facilitate the uptake of innovation and technology options.

To ensure sufficient, high quality requests for project support a concerted and focused outreach effort will be undertaken. An outreach plan will be developed and implemented working through the CTCN newsletter (currently disseminated to over 6,000 registered users), CTCN webinars (live and recorded views typically number about 500), CTCN website and social media channels, as well as UN Environment thematic platforms such as the Global Adaptation Network, the Sustainable Rice platform and the Regional Seas Programme. Outreach will be conducted via various UNFCCC constituency groups, such as the Women and Gender Constituency and will be fully branded with the Adaptation Fund logo.

CTCN co-financing will support Stage 1 of the grant identification process by providing support to LDCs and SIDS. The CTCN incubator model will be applied to provide this support through: assessments of innovation markets and priorities, and in-person and online training on innovation proposal development.

The expressions of interest to participate in the micro-grants innovation programme, as determined by the submission of a signed request form will result in the long-listing of 30 technology concepts. The long list will be identified from a wide range of developing countries and analysed against criteria such as appropriateness, effectiveness, efficiency, gender responsiveness, and cost. All requests will need to demonstrate concrete adaptation action as defined by the number of people with reduced vulnerability to climate change, the number of new adaptation approaches launched, and the amount of funding for adaptation innovation leveraged.

Specifically, the long list of technology concepts will be based on the following criteria:

Minimum Eligibility Criteria (all of the following must be met)

1. Support from DAs as demonstrated through signature of the request form
2. Relevance to national adaptation priorities as expressed through NDCs, NAPs, TNAs or other relevant planning documents



Selection Criteria (each criteria met counts as one point)

1. The request has a clear and positive benefit to the requesting country in adapting to the negative effect of, climate change.
2. The request enhances endogenous capacities.
3. The request demonstrates "project readiness" and has the potential for replication or scaling up
4. The request enables leveraging of public and/or private financing
5. The request promotes and demonstrates social and economic benefits
6. The request promotes and demonstrates gender equality, and empowerment of vulnerable groups, including women and youth

Among the requests received, the top 10 scoring requests from each region (Africa, Asia and Pacific, and Latin America and the Caribbean), making 30 proposals, will move on to the next round of support as provided through Output 1.2.

Deliverables under this output will include an expanded database of innovation and technology providers, lists of adaptation innovation and technology options, capacity building reports from the CTCN co-funded support for LDCs and SIDS, and a long list of 30 technology concepts.

Activities under this output will include:

*Activity 1.1.1: Develop and disseminate training material on adaptation innovation and technology systems*

*Activity 1.1.2: Engage stakeholders in LDCs and SIDS in the development of requests for micro-grants (co-financing)*

*Activity 1.1.3: Process incoming requests for micro-grant innovation mechanism (co-financing)*

*Output 1.2: Project concept notes for Adaptation Fund innovation micro-grants mechanism are strengthened in 30 countries through partnerships with CTCN Network Members*

Stage 3 will develop up to 30 technology concepts into mature proposals to get down to 25 approved grants as outlined in output 1.3. To move from the identification of adaptation needs to proposals for concrete adaptation actions through innovative approaches, this output will build capacity for adaptation innovation and technology development and acceleration in participating countries through a matchmaking service between Adaptation Fund DAs and Network Members. Network members will be mobilized to provide technical guidance and support to country stakeholders. This support will take the form of remote and, if necessary, face to face technical guidance to elaborate an identified innovation need or opportunity into a full proposal for submission to the Adaptation Fund innovation mechanism. Fast Technical Assistance will have a maximum value of \$15,000 per country with average values expected to be less.

To ensure that high quality proposals are submitted for the consideration of this particular aggregator, support will be provided to an estimated 30 countries to elaborate submissions meeting the eligibility and prioritization criteria set by the Adaptation Fund.

For each of the 30 countries, an initial country scoping paper on adaptation needs and gaps; and the feasibility of the proposed innovation and pipeline technology solutions will be prepared. Based on NDCs, NAPs, TNAs and TAPs (where available), the Network Member will work with the DA, NDE, and NIE (in the case of co-financed support only) to identify innovation needs and opportunities in the selected sector. The DA, NDE, technology grant proponents and other interested stakeholders will be engaged through surveys, stakeholder mapping and other

relevant means in order to develop the concept note based on this gap assessment and feasibility study.

The Network Member will provide an assessment of the feasibility of the proposed innovations based on their potential for transformational impact and their concrete adaptation deliverables and supported through stakeholder engagement. Specifically, stakeholder consultations during the feasibility assessment of innovations will seek to ensure balanced gender representation, and include gender experts in the field of adaptation, where possible. The stakeholder consultation will also result in a list of criteria to be applied to the feasibility studies in order to assess concrete adaptation outcomes against the social, cultural, environmental and economic needs of the intended beneficiaries.

In consultation with the project proponent and relevant focal points, the Network Member will support the drafting of a completed request for submission to the micro-grants innovation mechanism. This may include the refinement of the initial innovation based on the outcomes of the stakeholder supported feasibility assessment.

Finally, key considerations across all technical assistance include gender responsiveness. As such technical assistance must include a minimum of 1 percent of the budget allocated for gender specialists and consultations. All technical assistance must also apply the gender tool to ensure the gender responsiveness of activities.

Furthermore, while the current project does not cover countries in which there is a National Implementing Entity (NIE), the CTCN would, through co-funding for the project, make the Fast Technical Assistance mechanism available to NIEs. This would enhance access to international expertise among NIEs.

Deliverables under this output will include country-endorsed draft project concept notes for the micro-grants innovation mechanism.

Activities under this output will be based on country need and may include:

Activity 1.2.1: Prepare initial country scoping paper on adaptation needs, gaps; current technology solutions and pipeline technology solutions

Activity 1.2.2: Stakeholder consultations on innovation and technology options

Activity 1.2.3 Develop final proposal including a list of activities and deliverables

### **Output 1.2: 25 micro-grants selected**

As per the target set in the Adaptation Fund Medium Term Strategy, it is expected that this project will facilitate the implementation of 20 micro-grants in the form of Technical Assistance with an additional 5 micro-grants supported through CTCN co-funding.

COP Decisions 2/CP.17, resulted in the Advisory Board of the CTCN providing guidance and approving the prioritization criteria for responding to requests from developing countries Parties, taking into account the strategic considerations and recommendations provided by the Technology Executive Committee (TEC) in relation to decision 1/CP.16. As these criteria have already been approved by a body reporting to the Convention, it is suggested that the same criteria be applied to the project with slight adjustments to ensure alignment with the Adaptation Fund requirements. As such, to select the final 25 micro-grants a scoring system will be applied

to the proposals through which each criteria met will be allocated a point. An additional point will be allocated to LDCs or SIDs to ensure that the needs of the most vulnerable communities are met.

**Criteria 1: The support provided will contribute to increased resilience, and is aligned with national plans**

1.1 Need to strongly demonstrate that the assistance requested directly contributes to concrete action for adaptation to climate change

1.2 The specific topic or innovation should be identified in the NDC that translate the most updated climate change plans and priorities of the countries.

1.3 Need to contribute to increased adaptation through removing a specific barrier to innovation or to contribute to the creation of enabling environment

1.4 Need to meet the relevant national technical standards, where applicable

**Criteria 2: The support will enhance endogenous capacities**

2.1 Need to demonstrate that the capacities existing in the country (endogenous) are not sufficient and will be strengthened in order to address the specific problem the country wants to solve, and that outside expertise is needed to increase those in the country

2.2 Need to be clear how this will enhance capacities and how results will be precisely used by proponent/beneficiaries needs to be laid out very clearly, with a clear plan to use the results produced by the assistance and has actions in mind following the assistance

2.3 Need to enhance endogenous capacities to innovate, accelerate or generate the evidence base for a specific innovation

**Criteria 3: Processes are in place in the requesting country to monitor and evaluate any support provided (that is, project accountability is ensured)**

3.1 Need to provide the existence of a monitoring and evaluation plan, where applicable

Activity 1.2.1 CTCN experts assess requests against established criteria

Activity 1.2.2 Communicate the final list of approved grants to the Adaptation Fund and applicants

**Component 2: Micro-grants support the development and diffusion of innovative adaptation practices, tools, and technologies**

The Implementation Plan of the Adaptation Fund states that the expected outcome of the innovation pillar will be that innovation for effective, long-term adaptation to climate change will be accelerated, encouraged and enabled. This outcome is to be supported by a dedicated Innovation Facility in order to (a) roll out successful innovations; (b) scale up viable innovations; (c) encourage and accelerate innovations; and, (d) generate evidence of effective and efficient innovation in adaptation; which would include support via grants of up to \$250,000.

Component 2 focuses on the delivery of micro-grants in the form of Technical Assistance to support the development, testing and acceleration of selected adaptation innovations and

technologies. Under this project Technical Assistance refers to direct in-country action to develop, accelerate or take to scale an innovative approach to adaptation.

## **Outcome 2.: Adaptation innovation and technology incubation and acceleration supported by government structures and processes**

This outcome will focus on:

- the piloting of innovations with a high potential for transformational impact in order to establish the feasibility and understand the adaptation outcomes from taking innovations to scale,
- strengthening innovation and technology related policy frameworks, including industry and innovation systems in order to remove barriers to innovations in adaptation,
- capacity building among associations or businesses engaged in innovation in order to trigger concrete adaptation outcomes.

It is expected that in 30 country partnerships are built between the NDE and the AF DA and other adaptation focal points and a prioritised list of technology gaps and offerings are agreed based on;

- a selection of up to 15 micro-grants assigned to output 2.1 (acceleration), and;
- a selection of up to 5 micro-grants assigned to output 2.2 (enabling environment) with an additional 5 grants provided through CTCN co-funding.

The micro-grants directed towards enabling environment will help develop the market and supply of the technologies supported by the acceleration grants, for example in raising awareness in the market about the technology and about removal of financial, institutional or market barriers for the diffusion of the technology.

The adaptation and marketing of innovation and technology options will be delivered by Network Members through Technical Assistance. Each Technical Assistance, delivered in-country will be valued at a maximum of \$250,000. To implement the micro-grants, a competitive bidding process would be opened to all CTC Network Members interested in participating in the implementation of the Technical Assistance.

The CTC Network includes over 480 of the top actors in the climate change innovation and technology field. Almost half of the network members are from the private sector with research and academic organizations forming the second largest group of members. To date one NIE is registered as a Network member however all NIEs would be eligible to join the Network and participate in project implementation in non-direct-access countries. In addition to the Network members, a number of global leaders in adaptation are Consortium Partners to the CTCN and are also invited to bid on implementation of technical assistance. These include ICRAF, CATIE, and the UNEP-DHI Partnership. Together the Network members and Consortium Partners represent expertise that is brought to bear to support developing country innovation needs in a number of priority adaptation areas. In order to ensure that all Technical Assistance build endogenous capacity, it is a requirement of all bids that Network Members identify an in-country partner to jointly implement the technical assistance.

The target timeline from development of technical service needs for the grantee to finalization of implementation of the technical assistance is 12 to 18 months. This implementation timeline ensures that innovations remain relevant and cutting edge.

Throughout implementation, the CTCN will support Network members, proponents and DAs in ensuring the quality of deliverables by providing review and expert guidance by our adaptation specialists in each region.

CTCN co-financing will complement AF funding in the following ways:

- Prepping the market through providing support to small and medium enterprise associations to develop investment plans. This support will target industry associations.
- Training material and curricula on innovation for adaptation and direct support to industry associations involved in concrete adaptation actions.
- Implementing micro-grants for policy reform

*Output 2.1: Promising adaptation innovations and technologies are accelerated in up to 15 countries*

Acceleration can include the adaptation of innovations which have been tested in other settings to local / national conditions including through making use of local materials and skills and examining local market and investment conditions as well as support for new innovations that deliver concrete adaptation outcomes. Deliverables from this output will be based on country demand but may include: technical schematics for the production and maintenance of specified technology types, the development of procurement and bid documents, the piloting of promising innovations, and the promotion of indigenous innovations.

In delivering this output, particular attention will be paid to the potential role of women entrepreneurs and adaptation innovation and technology specialists. As the CTCN is mandated by the COP to be technology neutral, support under this output will be provided for a type of technology rather than a specific brand or offering. For example, the output would support the adaptation and marketing of different crop drying options rather than supporting a single company in the promotion of their product.

Activities under this output will be based on country need and may include:

Activity 2.1.1: Network Members are selected to implement the grant

Activity 2.1.2: Adaptation innovations and technologies are adapted and piloted in 15 countries

Activity 2.1.3: Closure reports are prepared to demonstrate impact

*Output 2.2: Technical and financial systems to accelerate adaptation innovation and technology action are strengthened in 10 countries (5 countries with Adaptation Funding, 5 countries with CTCN co-funding)*

The project will build an appropriate investment ecosystem and supportive technical capacity for countries where an acceleration technology grant has been secured and in relation to technology innovation in question. CTCN co-financing will assess the primary barriers inhibiting growth of the adaptation technology and will issue a call for proposals for policy pieces to address the barriers. For selected adaptation innovation and technology options one enabling environment reform piece will be launched to help scale up the technology in-country. This could include: certification schemes; supporting legislative reform, bills or regulation; reform of pricing structures; fiscal reform, strengthening of consumer or producer networks; targeted R&D; training and technical support to consumer and/or producer groups; development of micro-credit systems. This activity will not exceed 5% of the total project value.

Activities under this output will be based on country need and may include:

Activity 2.2.1: Network Members are selected to implement the grant

Activity 2.2.2: Adaptation enabling environment built in 10 countries

Activity 2.2.3: Closure reports are prepared to demonstrate impact

### **Component 3: Concrete adaptation actions are triggered by the knowledge and evidence produced by the micro-grant mechanism**

The micro-grant innovation mechanism is intended to capture lessons learned and support continued action, including through the large grants portion of the Innovation window. The knowledge management outputs will be useful, accessible and sustainable. We will collaborate with the UNDP Aggregator in order to minimise duplication and inefficiency. Given that a lack of knowledge and information is recognized as a significant barrier to adaptation in general and innovation and technology in particular, the programmatic approach to combining investments and technical support with learning and knowledge exchange is an important requirement for further innovation in adaptation.

The CTCN is a trusted source of climate innovation and technology information. The CTCN collaborates with knowledge partners who range from both international and renowned institutions, to local partners with first-hand experience and knowledge of climate change and technology needs. Through such collaboration the CTCN has built a substantial database of resources with publications, webinars, case studies and best practices related to a range of sectors, innovative adaptation practices, tools and technologies.

In cases where knowledge gaps have been identified, the CTCN has worked with knowledge partners to uncover key lessons on topics such as gender and endogenous innovations, making available concrete examples of climate innovations from developed and developing countries.

### **Outcome 3: Experiences from the micro-grant innovation mechanism lead to scaled-up funding**

The project responds to the call for an aggregator to support the implementation of the Adaptation Fund micro-grants innovation facility. However the Adaptation Fund Medium-Term Strategy also establishes a large grant facility intended to respond to ER 1 – Successful innovations rolled out. Innovative adaptation practices, tools and technologies that have demonstrated success in one country spread to new countries/regions and ER2 – Viable innovations scaled up. Innovative adaptation practices, tools and technologies that have demonstrated viability at a small scale piloted at larger scales. This outcome will provide the framework and foundation for learning and up-scaling in order to facilitate and encourage further action on adaptation innovation and technologies.

The project will gather and compile good practices and lessons learned on building adaptation innovation and technology systems and disseminate the resulting case studies through the CTCN knowledge platform. To complement online learning, case studies will also be presented at the margins of relevant meetings.

In order to ensure transparency and easy access to up to date information, the CTCN will share the experience and outcomes from each of the project through the already existing CTCN Technical Assistance Portal, representing an additional co-financing to the Aggregator. The Portal has a login function for the project management functions including a detailed project management tool tracking the status, key information and documents for each technical assistance. The portal allows for technical assistance to be filtered by countries, objective, adaptation sectors, enablers and UN groups. The Portal also includes detailed graphical information regarding the status of the technical assistance activities.

*Output 3.1: Lessons learned and good practices from project implementation support are developed and are shared through CTCN and UNEP tools and networks*

In order to ensure transparency and easy access to up to date information, the CTCN will share the experience and outcomes from each of the projects through the already existing CTCN Technical Assistance project dashboard. Based on the CTCNs elaborate project dashboard, a dedicated portal for the activities implemented through component 2 will be established. The portal will have restricted access but will display information publically including on: project description, partners, gender considerations, deliverables, timelines and impacts. The project dashboard will allow for the tracking of proposals and progress, monitoring and evaluation of impacts, and the collection of stated deliverables.

The deliverable from this output is a fully populated and functioning project dashboard. The project dashboard has a login function for the project management functions including a detailed project management tool tracking the status, key information and documents for each technical assistance. The portal allows for technical assistance to be filtered by countries, objective, adaptation sectors, enablers and UN groups. The Portal also includes detailed graphical information regarding the status of the technical assistance activities

Activities to support this output will include:

Activity 3.1.1: Setting up a specific window within the project dashboard

Activity 3.1.2: Populating the project dashboard

Activity 3.1.3: Sharing and disseminating lessons learned and good practices included on the project dashboard

*Output 3.2: 5 joint communication materials (with AF and UNDP) are published and disseminated*

Based on the assessment and review of the lessons learned and good practices captured through the project dashboard, a guide for governments on investing in adaptation innovation and adaptation will be published and disseminated in order to enhance the capacity of countries to innovate and access resources to support scaled up action. Together with UNDP and the Adaptation Fund, this activity will conduct a detailed review of experiences from the implementation of the micro-grant innovation mechanism with a view to identifying those lessons learned and good practices which are most beneficial to the broader adaptation community.

Lessons learned will include a wide range of documents and stories including good practices, check lists, how-to lists, case studies, management plans etc. Short videos will also be

produced to highlight the impact of the selected case studies. Under this output, the Project will also facilitate the active involvement of the Network Members as they contribute significantly to sharing lessons learned as is critical for strengthened knowledge exchange. A particular effort will be made to ensure that case studies are deployed to LDCs through closer collaboration with the LEG of the UNFCCC including building the capacity of LEG members to access and disseminate case studies on innovation for adaptation.

Building on CTCN and UN Environment's existing communication facilities and channels, a targeted communication campaign will be designed and implemented in order to support the sharing of stories and impacts related to the project outputs. The campaign will make use of social media, events, videos, and publications. A media engagement strategy will be developed around major events in order to increase awareness among the general public, of the impact of the micro-grant innovation mechanism. The media strategy will target both global media and national news outlets and will include a social media campaign.

Deliverables under this output will include communication material in a variety of media and a guide on scaling up adaptation innovation and technology action.

Activities under this output will include:

Activity 3.2.1: Develop guiding document for adaptation innovation in partnership with UNDP and the Adaptation Fund

Activity 3.2.2: Prepare case studies for selected success stories

Activity 3.2.3: Elaborate a media outreach strategy on the impact of the micro-grant innovation mechanism

*Output 3.3: Proposals for scaled up investment of 2 technology investments are developed and funding secured.*

This output is directly linked to the technology investments nurtured under Output 2.2. The objective is to enable the scale up of 2 of the most promising business plans and enabling environments prepared during output 2.2, preferably to access private as well as public funding; funding will be secured by project end. The communication products developed under this component will serve to profile the investments and raise interest in the technology investments.

Toward the end of a grant implementation cycle (up to 24 months), a Project Pitching event will be organized by UNDP aiming to provide scale up and replication opportunity to the micro-grant recipients. Invitees will include venture capitalists, social impact investors, representatives from international financial institutions, global environment funds such as the Adaptation Fund, GEF and GCF, and philanthropists. This project will support the participation of micro-grant recipients through the CTCN / UN Environment window within the Project Pitching Event.

Activity 3.3.1: Develop funding strategies

Activity 3.3.2: Support participation of grantees in UNDPs Project Pitching Event

**B.** Describe how the project /programme would promote new and innovative solutions to climate change adaptation, such as new approaches, technologies and mechanisms.



As a country-driven grant mechanism, ensuring the promotion of new and innovative solutions to climate change adaptation will be built into the design and structure of the project. To achieve this, the project will build on the expertise and experience of the CTCN as a body dedicated to support climate change technology innovation.

Specifically, the CTCN is the operational arm of the UNFCCC Technology Mechanism promoting the accelerated transfer of environmentally sound technologies for low carbon and climate resilient development at the request of developing countries. The CTCN provides technology solutions, capacity building and advice on policy, legal and regulatory frameworks tailored to the needs of individual countries by harnessing the expertise of a global network of technology companies and institutions.

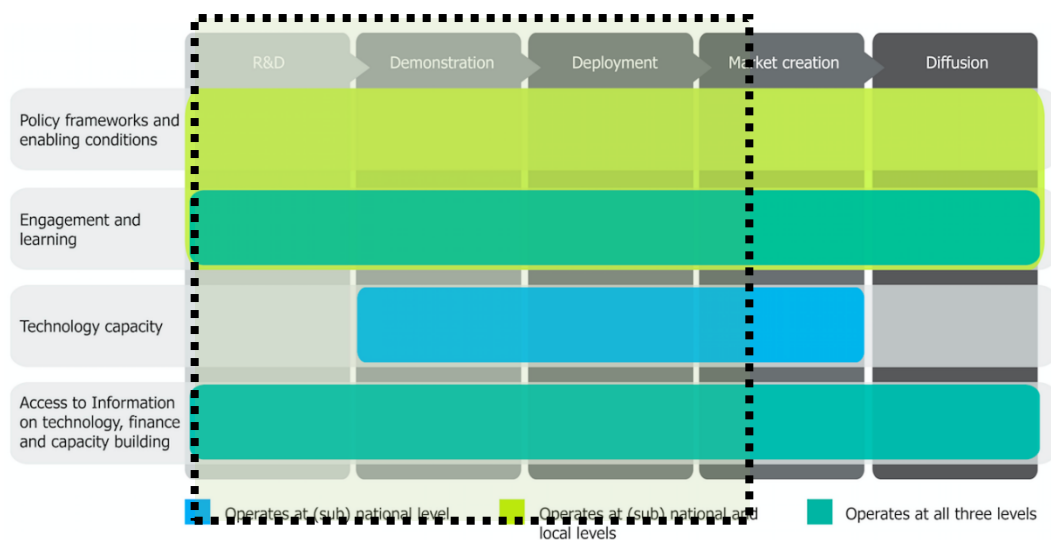
The programme of work of the CTCN has been carefully designed to identify and support innovative climate change actions with the potential for transformative impact.

Transferring the experience of the CTCN, the project will support innovations through three core services:

- Providing technical assistance at the request of developing countries to accelerate the development and transfer of climate innovations and technologies;
- Creating access to information and knowledge on climate innovations and technologies; and
- Fostering collaboration among climate innovators and technology stakeholders via the Centre’s network of regional and sectoral experts from academia, the private sector, and public and research institutions.

In delivering the core services, the project will focus on the first three stages of the technology cycle as illustrated in Figure 3.

Figure 3 Service delivery across the technology cycle



C. Describe how the project / programme would provide economic, social and environmental benefits, with particular reference to the most vulnerable communities, and vulnerable groups within communities, including gender considerations. Describe how the project /

programme would avoid or mitigate negative impacts, in compliance with the Environmental and Social Policy of the Adaptation Fund.

### *Economic Benefits*

The project will support the development of climate innovation markets with particular support for small and medium enterprise (SME) capacity development. In particular, the project will support the enhanced engagement of the private sector through directly engaging with business and industry in order to respond challenges in overcoming technology barriers and getting new technologies to market. This will be accomplished through to two key business lines implemented through the technical assistance components of the project: (1) supporting climate technology markets and (2) facilitating the integration of climate technologies into business operations.

The Paris Agreement, in its preamble, takes full account of LDCs specific needs and special situations with regard to funding and technology transfer. Article 11 states that capacity building under the Paris Agreement should facilitate the development, dissemination and deployment of technology to LDCs. Furthermore, Article 10 indicates that support – including financial support – shall be provided to developing countries to strengthen cooperative action on technology development and transfer. As such, particular attention will be paid to supporting micro and SME development in LDCs.

Overall, it is expected that the project will build the capacity of an estimated 200 SMEs to develop or adopt innovations in adaptation. The project will also support the flow of financing for adaptation investments in at least 20 countries.

As a body under the UNFCCC, the CTCN is bound to the same commitment to LDCs and includes a LDC representative on its Advisory Board. To date, 38% of CTCN's technical assistance is allocated to LDCs and efforts are underway to increase this, including through the CTCN Incubator Programme. The Incubator Programme is open to LDCs and SIDs only and offers a first step, through the development of technology and innovation roadmaps, to deploy technologies and innovations that will enable countries reach their adaptation and low carbon development targets. By expanding the incubator programme to focus specifically on adaptation innovations through the co-funding provided by the CTCN, it is expected that the project will support the enhanced resilience of economies in LDCs.

### *Social Benefits*

Social consideration will be a key element of the project, to ensure that activities supported benefit livelihoods. Specifically, the project will deliver social benefits by promoting the capacity of indigenous peoples, local communities, women and youth. In particular, to catalyse further support for traditional knowledge, innovations and practices, the project will capture case studies and best practices of endogenous climate innovations.

Endogenous innovations refer to innovations developed within a country through research, development, and demonstration. It also refers to technologies acquired through understanding, adapting, utilizing, and replicating already-existing technologies. Many endogenous innovations can also be categorized as, or build upon, indigenous innovations in which case, the principle of Free, Prior and Informed Consent will be applied.

The importance of gender considerations in climate innovation and technology is included the CTCN's mission as well as in numerous COP decisions referring to the CTCN and its Advisory Board. To address these considerations, a gender coordinator was established within the CTCN Secretariat. Gender considerations have been incorporated internally via staff trainings on gender, as well as through CTCN services, through technical assistance, knowledge sharing, capacity building and outreach activities.

Specific documents and tools developed to support gender mainstreaming of CTCN operations include:

- The CTCN gender strategy and action plan to guide its work in technical assistance, capacity building, knowledge sharing and overall operations. This document has been reviewed by the Women and Gender Constituency ;
- The gender tool applied to all of our technical assistance activities. This enables us to both raise awareness of the need to consider gender in technical assistance as well as to monitor our progress; and
- A Gender Hub on the CTCN website with over 400 information resources on gender and innovation (publications, technical assistance examples, webinars, and case studies)

In implementing the project, the gender strategy, action plan and tool will be applied to all components. Furthermore, communication and knowledge sharing components of the project will gather and contribute information to the CTCN Gender Hub.

### *Environmental Benefits*

All interventions within the project will ensure that innovation will contribute to provide or preserve environmental benefits. First, ecosystem-based approaches to adaptation will be supported on a country-driven basis. Such approaches strengthen the conservation and sustainable use of biodiversity thereby delivering positive environmental benefits. In addition to support through technical assistance, the project will capture knowledge on innovations in ecosystem-based approaches to adaptation including through the CTCN webinar platform.

Second, it is expected that requests will supports the assessment of risks to vulnerable ecosystems using innovative approaches. Such vulnerable ecosystems may include coastal zones, dry and sub-humid lands, mountains, wetlands and other ecosystems at the limit of climatic conditions. By understanding risks the project will facilitate the design of innovative adaptation measure to safeguard these ecosystems as well as the services they provide.

**D.** Describe or provide an analysis of the cost-effectiveness of the proposed project / programme and explain how the regional approach would support cost-effectiveness.

The project will build on the expertise and experience of the CTCN and its 480 Network Members, thereby leveraging existing skills and knowledge in a cost-effective manner.

The Network Members have been pre-screened by the CTCN and meet the following membership criteria:

- One of the following institutional structures: national technology centre or institution; regional climate technology centre or network; intergovernmental, international, regional or sector organization, partnership or initiative that contributes to technology deployment

and transfer; or research, academic, financial, non- governmental, private sector or public sector organization, partnership or initiative;

- Demonstrated capability in initiatives aimed at development, transfer and deployment of climate innovations and technologies applicable for developing countries including expertise in policy, capacity building and/or investment;
- Operational and organizational stability, as evidenced by financial, human and other resources relative to their mandate and size that could reasonably be deemed sufficient to deliver the organization's mandate; and
- A pledge to comply with the CTCN code of Conduct.

Network Members will be engaged in Technical Assistance, capacity building, and knowledge sharing activities of the project. Inputs to capacity building and knowledge sharing take place on a no-cost basis while implementation of technical assistance is based on a competitive bidding process that ensures the greatest value.

Furthermore, during all activities, efforts will be made to assess the cost-effectiveness of the proposed innovations as well as their suitability for private sector funding. The approach for such assessments will be taken from existing good practices within the CTCN portfolio.

- E.** Describe how the project / programme is consistent with national or sub-national sustainable development strategies, including, where appropriate, national or sub-national development plans, poverty reduction strategies, national communications, or national adaptation programs of action, or other relevant instruments, where they exist. If applicable, please refer to relevant regional plans and strategies where they exist.

Activity 1.2 focuses on the strengthening of the partnership between Adaptation DAs, NDEs and other adaptation programming focal points in order to help project proponents prepare small grant proposals that are aligned to adaptation needs and priorities, as reflected in national adaptation strategy document. The Aggregator mechanism will therefore support the implementation of national plans and strategies related to climate change including Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), and National Adaptation Programmes of Action (NAPAs). The project will also build on and support the implementation of TNAs and TAPs where such plans are available.

Many adaptation technologies current under development are in the agriculture and water resources areas (refer Part 1 of this proposal) but there are many other impact areas that the technology aggregator could focus on. Climate change will impact on all areas of human development through various direct and indirect pathways and so adaptation interventions will progress a wide range of SDGs (SDGs 1,2,3,5,6,8,9,11,14.15.16.17).

This project contributes directly to achieving Goal 13 of the Sustainable Development Goals (SDGs): "Take Urgent Action on Climate Change and its Impacts". It specifically contributes to 3 of the 5 targets:

1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
2. Integrate climate change measures into national policies, strategies and planning
3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

- F.** Describe how the project / programme meets relevant national technical standards, where applicable, such as standards for environmental assessment, building codes, etc., and complies with the Environmental and Social Policy of the Adaptation Fund.

Grantees should comply with relevant national technical standards. These will be scoped during the development of the Environmental, Social and Economic Review note. Micro-grant proposals will describe how relevant standard will be complied with.

- G.** Describe if there is duplication of project / programme with other funding sources, if any.

The CTCN was set up to deliver climate action so it is inherently different to Business as Usual regarding economic investments. The idea is to tap into CTCN's networks, based on its 5 years of experience delivering small-scale climate project. What will differ is the strengthening of the programming connections between the National Designated Entities of the CTCN network and the Adaptation Fund DAs and other adaptation programming focal points in the country. There will be also specific and additional M&E components, and learning and knowledge sharing components to the Adaptation Fund micro-grants. Finally, additional eligibility criteria will be applied to the micro-grants in order to ensure coherence with Adaptation Fund requirements. As such, the project will not cover the full scope of activities currently carried out by the CTCN.

Within the scope of the Adaptation Fund micro-grants accelerator duplication will be avoided through the use of a transparent project dashboard in which the CTCN will record all applications received. This dashboard will be publicly available and both the Adaptation Fund and UNDP staff will be given special user rights to access all associated documentation accompanying the applications. If duplication is found, UNDP/ISGAP in coordination with UNE/CTCN will arrange for a conference call with the project in question to decide which proposal, the project proponent want to keep and withdraw. The project proponent will send a formal letter to withdraw the proposal from either UNE/CTCN or UNDP/ISGAP.

A sample of the project dashboard entry that will be adapted for the project is presented below.

**Technical assistance (public):**

**Design of an ecological response and restoration platform against fires for the Chilean silvo-farming sector**

1. Review	2. Design	3. Implementation	4. Completed				
<table border="1"><thead><tr><th>1a. Request acknowledgement</th><th>1b. Request screening</th></tr></thead><tbody><tr><td colspan="2"><p><b>Due date for acknowledgement:</b> Friday, September 15, 2017</p><p><b>Request proponent:</b> Ministerio del Medio Ambiente</p><p><b>Request NDE:</b> Agency of Sustainability and Climate Change</p><p><b>Responsible CTM:</b> Federico Villatico Campbell</p><p><b>Proposed geographical scope:</b> Sub-national</p><p><b>Proposed objective:</b> Adaptation</p><p><b>Proposed primary sector:</b> Agriculture and forestry</p><p><b>Proposed cross-sectoral enabler:</b> Communication and awareness</p><p><b>Proposed approach:</b> Disaster risk reduction, Ecosystems and biodiversity</p><p><b>TNA status:</b> TNA was not completed before submission</p><p><b>Proposed primary type of assistance:</b> Decision-making tools and/or information provision</p><p><b>Date of acknowledgement:</b> Tuesday, September 19, 2017</p></td></tr></tbody></table>				1a. Request acknowledgement	1b. Request screening	<p><b>Due date for acknowledgement:</b> Friday, September 15, 2017</p> <p><b>Request proponent:</b> Ministerio del Medio Ambiente</p> <p><b>Request NDE:</b> Agency of Sustainability and Climate Change</p> <p><b>Responsible CTM:</b> Federico Villatico Campbell</p> <p><b>Proposed geographical scope:</b> Sub-national</p> <p><b>Proposed objective:</b> Adaptation</p> <p><b>Proposed primary sector:</b> Agriculture and forestry</p> <p><b>Proposed cross-sectoral enabler:</b> Communication and awareness</p> <p><b>Proposed approach:</b> Disaster risk reduction, Ecosystems and biodiversity</p> <p><b>TNA status:</b> TNA was not completed before submission</p> <p><b>Proposed primary type of assistance:</b> Decision-making tools and/or information provision</p> <p><b>Date of acknowledgement:</b> Tuesday, September 19, 2017</p>	
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In addition to providing public access to the pipeline submitted to CTCN by both Aggregators, other proposals include an annual coordination meeting between UNDP and UNEP meeting to exchange information on requests, results and experiences.

Further points of collaboration and coordination will be explored during project implementation.

The project will also build upon the experience generated through the GEF funded regional climate innovation centres as well as the three TNA global projects funded through the GEF.

The main objectives of the TNA project are:

- To identify and prioritize through country-driven participatory processes, technologies that can contribute to mitigation and adaptation goals of the participant countries, while meeting their national sustainable development goals and priorities (TNA).
- To identify barriers hindering the acquisition, deployment, and diffusion of prioritized technologies.

- To develop Technology Action Plans (TAP) specifying activities and enabling frameworks to overcome the barriers and facilitate the transfer, adoption, and diffusion of selected technologies in the participant countries.

This project would also build on and integrate other baseline initiatives including the Private Financing Advisory Network (PFAN). PFAN is a multilateral public private partnership designed to assist project developers in accessing finance by providing technical assistance and capacity building and introducing them to investors. PFAN addresses financial barriers and barriers caused by the ongoing market failures, to serve the growing Small and Medium Sized Enterprise (SME) market for adaptation projects through: i) capacitating entrepreneurs and businesses to develop bankable projects; ii) mitigating investor risk, and iii) facilitating investment match-making in low carbon, climate resilient energy projects.

**H.** If applicable, describe the learning and knowledge management component to capture and disseminate lessons learned.

The project will, through component 3, capture lessons learned and good practices through the project dashboard, and analyse this information in order to develop a consolidated guidance note. The resulting deliverables will be shared through various communication media including blog posts, short videos, and other relevant approaches.

Furthermore, the CTCN will organize regional forums bringing national focal points, to enable sharing of experience and lesson learnt among developing countries regarding adaptation innovations and technologies.

The project will make use of the CTCNs' robust communications and knowledge management system, with a vibrant web portal ([www.ctc-n.org](http://www.ctc-n.org)) containing over 17,000 information resources on climate change adaptation and mitigation innovations (technology case studies, reports, webinars, social media updates and videos, e-newsletter, and presentations).

The CTCN Knowledge Portal contains, amongst other resources, 11,865 innovation and technology publications, case studies, tools and videos, 2,231 national plans (Technology Needs Assessments, Nationally Determined Contributions, and National Adaptation Plans), 2,116 climate technology solutions, 94 webinars and 41 original CTCN publications. The Portal provides relevant information on hard as well as soft adaptation technologies and innovations, along with cross-cutting themes such as ecosystems, gender, and disaster risk reduction. All of these knowledge resources can assist in enhancing the quality of the project with particular windows developed to capture the lessons learned and best practices generated through the project.

Multiple points of entry and inter-connected keywords allow users to search by country, technology sector and cross-cutting approaches to access adaptation knowledge. Information can be presented in a number of formats including graphically, as case studies, and in thematic data dashboards. The search function could be adapted to allow for the search of Innovation Facility micro-grants only.

**I.** Describe the consultative process, including the list of stakeholders consulted, undertaken during project / programme preparation, with particular reference to vulnerable groups, including gender considerations, in compliance with the Environmental and Social Policy of the Adaptation Fund.

The project preparation process was reported to the Advisory Board of the CTCN for their input and feedback. The Advisory Board includes:

- 16 government representatives, comprising equal representation from Annex 1 and non-Annex 1 Parties
- The Chair and the Vice-Chair of the Technology Executive Committee (TEC)
- A representative of the Green Climate Fund Board
- A representative of the Adaptation Committee,
- A representative of the Standing Committee
- The Director of the CTCN; and
- One representative of each of environmental non-governmental organizations (ENGOs), business and industry non-governmental organizations (BINGOs) and research and independent nongovernmental organizations (RINGOs).

Finally, as a Convention Body, the CTCN regularly engages with the UNFCCC Women's Constituency, including on an annual Gender-Just Climate Change Solutions awards and capacity building programme. The project proposal was shared with this group in order to ensure that the gender perspective is adequately and appropriately reflected.

**J.** Provide justification for funding requested, focusing on the full cost of adaptation reasoning.

#### *Baseline Scenario*

Article 10, paragraph 5 of the Paris Agreement highlights the central importance of innovation to meeting the many challenges posed by climate change. Furthermore, 95 % of all non-Annex I countries mention innovation and technology in their (Intended) Nationally Determined Contributions ((I)NDC).

Despite the importance placed on innovation and technology, uptake has been slow, especially with regards to adaptation. The Technology Framework of the UNFCCC notes that, ".there is a pressing need to accelerate and strengthen technological innovation so that it can deliver environmentally and socially sound, cost-effective and better-performing climate technologies on a larger and more widespread scale".<sup>6</sup> The 2018 Adaptation Gap Report prepared by UN Environment<sup>7</sup> reveals that more needs to be done if effective adaptation action is to be implemented, especially in low-income countries. The report further states that information, innovation and technologies have proven to be effective at reducing vulnerability and enhancing overall adaptive capacity.

Adaptation innovations and technologies still face a significant investment gap, especially with regards to private finance flows. There are currently very few funds specifically focused on adaptation innovation and technology. In the private sector, there are initiatives focusing on debt and equity instruments, focusing on companies, most of them with an adaptation focus on agriculture and land-use.

The supply side for technology offering is weak in many developing countries and does not cover the full range of climate impacts, particularly LDCs, and the enabling environment for technology innovation for adaptation is a critical constraint. Demand for adaptation technologies

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<sup>6</sup> Technology framework under Article 10, paragraph 4, of the Paris Agreement

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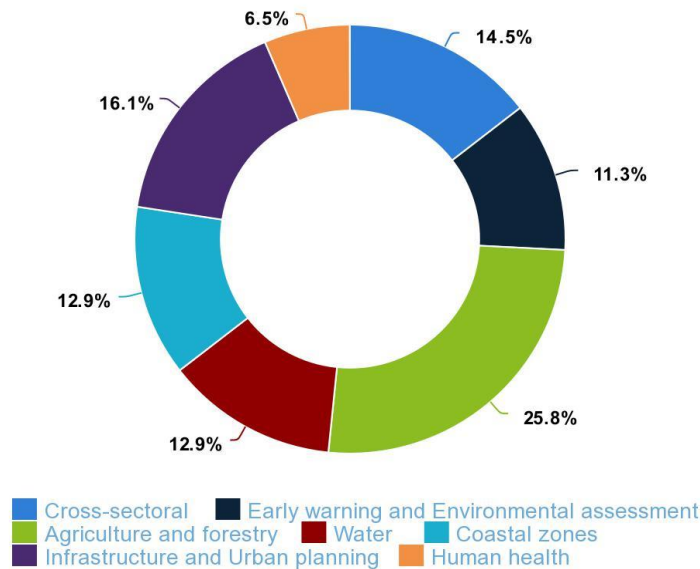
[https://wedocs.unep.org/bitstream/handle/20.500.11822/27117/AGR\\_2018\\_Summary.pdf?sequence=1&isAllowed=y](https://wedocs.unep.org/bitstream/handle/20.500.11822/27117/AGR_2018_Summary.pdf?sequence=1&isAllowed=y)



is weak and affordability levels are low. Furthermore, there is little overlap between Adaptation Fund focal points and focal points to the Technology Mechanism resulting in low levels of dialogue and minimal joint planning.

To date innovation in adaptation has largely been limited to the agriculture and forestry sector as revealed in the analysis of the first five years of operation of the CTCN. However the recent Adaptation Gap Report revealed that addressing the financing gap in adaptation requires attention across sectors especially with regards to health as illustrated in Figure 3 below.

Figure 3: CTCN Adaptation Projects by Sector



There are currently very few funds specifically focused on adaptation innovation and technology. Other than the CTCN, which has been limited by a lack of funds, the Private Finance Advisory Network (PFAN) and the planned GCF incubator and accelerator initiatives are among the few innovation initiatives with a focus on adaptation. The PFAN adaptation window has, however, only recently been launched and the GCF facility is not yet operational. Furthermore, both address mitigation and adaptation and, as such, are not dedicated adaptation facilities. Given that adaptation is expected to cost between US\$140 billion to US\$300 billion annually by 2030 and from US\$280 billion to US\$500 billion annually by 2050<sup>8</sup> there is an urgent need for the mobilization of public and private finance for adaptation. To mobilize resources at such a scale, efforts to provide evidence of the effectiveness of adaptation innovations, along with actions to incubate and accelerate new tools, approaches and technologies are required.

#### *Additionality*

Funding from the Adaptation Fund will allow for the expansion of technical assistance support for adaptation innovation and technology projects, as well as strengthened engagement by developing countries in innovations for climate change adaptation. It is expected that the

<sup>8</sup> Adaptation Gap Report, UNEP, 2018

funding will allow for support for an additional 20 technical assistance projects while engaging 20 additional Network Members and supporting an addition 200 SMEs.

Furthermore, under the baseline the CTCN has delivered or is continuing to deliver technical assistance, capacity building and networking support to 29 LDCs. With funding from the Adaptation Fund, the project will geographically expand and deepen work within current and new LDC recipients.

Finally, the project will support matchmaking between CTCN Network Members and Adaptation Fund DAs and NIEs. In doing so the project will expand collaboration and engagement on adaptation innovation and technology action, establishing new partnerships for implementation.

**K.** Describe how the sustainability of the project / programme outcomes has been taken into account when designing the project / programme.

The programme will ensure that activities implemented under each of the micro-grants are owned by country stakeholders, to ensure their sustainability, scalability and impacts. To do so, CTCN will ensure that:

- Micro-grants are in line with country priorities and address barriers impeding effective technology transfer. This will include priorities included in countries' Nationally Determined Contributions, in Technology Needs Assessments (TNA) and Technology Action Plans (TAP), in National Adaptation Plans (NAPs) and National Adaptation Programmes of Action (NAPAs).
  - National stakeholders are engaged from early stages of the projects, in the design and implementation of the assistance. CTCN experience has demonstrated that the most effective TA services are implemented when undertaken in conjunction with well-positioned local partners. This will also include efforts to reinforce private sector engagement as part of these efforts.
  - Activities under the micro-grants will build on the findings of as appropriate, and seek to partner with countries and multilateral funding agencies to help them determine the approach best-suited to the national situation and stage of industrialization of the requesting country. This will also aim to strengthen the contribution of climate technology to national climate processes.
  - Capacity building will be an important building block of the micro-grants programme, based on country needs, to enable transfer of expertise and knowledge and increase capacities of national actors to identify technology options, make technology choices and operate, maintain and adapt technologies.
  - NIEs and NDEs will be strongly engaged and their capacities built, engaging them in micro-grants implementation as well as key regional events. This will contribute to create opportunities not just for sharing common experiences but to build relationships, leading to more active focal points, higher quality of micro-grants submission and scale-up of project results.
  - Replication and learning will be an integral part of the micro-grants process, to enable the exchange of best practices, experience and knowledge on innovation and technology development and transfer.
- L.** At the time of assessing a short- list of micro-grants, UNEP safeguard and AF safeguard policy will be applied to ensure full compliance with AF policy. This starts with the preparation of the Environmental, Social and Economic Review Note (ESERN) with and for

clearance of the UN Environment Safeguards Advisor to determine appropriate risk mitigation measures.

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
<i>Compliance with the Law</i>	To be assessed during the micro-grant evaluation process – output 1.3	
<i>Access and Equity</i>		
<i>Marginalized and Vulnerable Groups</i>		
<i>Human Rights</i>		
<i>Gender Equity and Women’s Empowerment</i>		
<i>Core Labour Rights</i>		
<i>Indigenous Peoples</i>		
<i>Involuntary Resettlement</i>		
<i>Protection of Natural Habitats</i>		
<i>Conservation of Biological Diversity</i>		
<i>Climate Change</i>		
<i>Pollution Prevention and Resource Efficiency</i>		
<i>Public Health</i>		
<i>Physical and Cultural Heritage</i>		
<i>Lands and Soil Conservation</i>		

### PART III: IMPLEMENTATION ARRANGEMENTS

**A.** Describe the arrangements for project / programme management at the regional and national level, including coordination arrangements within countries and among them. Describe how the potential to partner with national institutions, and when possible, national implementing entities (NIEs), has been considered, and included in the management arrangements.

#### Multilateral Implementing Entity

UN Environment will be the Multilateral Implementing Entity (MIE) for the proposed project. UN Environment has implemented over 50 projects on climate change adaptation at global, regional and national levels. These projects develop innovative solutions for national governments and local communities to adapt to the predicted effects of climate change in an environmentally sound manner including enhancing climate resilience by restoring valuable ecosystems that are vulnerable to climate change. Investments into ecosystems, flood and coastal protection, water catchment and storage, and alternative livelihoods are aimed at helping people buffer extremes of droughts and floods, sea level rise and to adapt to projected climate change. The following implementation services under the MIE modality will be provided by UN Environment for the proposed project:

- overall coordination and management of UN Environment’s MIE functions and responsibilities, and the facilitation of interactions with the AF Board and related stakeholders;

- oversight of portfolio implementation and reporting on budget performance;
- quality assurance and accountability for outputs and deliverables at the project development phase, during implementation and on completion;
- receipt, management and disbursement of AF funds in accordance with the financial standards of the AF;
- information and communication management, including maintaining specific project databases to track and monitor progress – financial and substantive – of project implementation;
- oversight and quality assurance of evaluation processes for project performance and ensuring that lessons learned/best practice are incorporated to improve future projects;

All operations under this grant will be conducted in accordance with UN governance structure and management procedures, as well as UN standards for accountability, transparency, and ethical integrity.

### Implementing Entity fee

Description	Total (US\$)
Portfolio manager	125,000
Task manager	180,000
Financial management	27,500
Administration	15,000
Corporate services	31,250
Mid-term review	46,250
<b>Total</b>	<b>425,000</b>

### Executing Entity – programme level

The Executing Entity for this project will be the Climate Technology Centre and Network (CTCN) which is a body of the UNFCCC with the stated mission to stimulate technology cooperation and to enhance the development and transfer of technologies and to assist developing country Parties at their request, consistent with their respective capabilities and national circumstances and priorities, “to build or strengthen their capacity to identify technology needs, to facilitate the preparation and implementation of technology projects and strategies taking into account gender considerations to support action on mitigation and adaptation and enhance low emissions and climate-resilient development”.

The CTCN will execute the programme. The functions comprise overall management, ensuring project coherence, the preparation and implementation of work plans and annual audit plans; preparation and operation of budgets and budget revisions; logistical support; disbursement and administration of funds; recruitment of national and international consultants and personnel; accounting and financial management, financial and progress reporting; liaison with AF management team; coordination with national focal points and project proponents, and monitoring and evaluation. The innovation grants will be small scale in nature and will not require the complex project management arrangements that running the Aggregator mechanism needs.

The new Programme of Work of the CTCN has been designed to scale up action in support of the Technology Framework in collaboration with the Technology Executive Committee. Its implementation will transition the CTCN from pilot to a full-reach programme capable of

catalysing transformative change in the use of technology for climate-compatible development. The technology framework is designed to help realize both the long-term vision for technology development and transfer of the UNFCCC and Article 10 of the Paris Agreement to strengthen the global response to the threat of climate change. Key themes are innovation, implementation, enabling environment and capacity-building, collaboration and stakeholder engagement, and support.

The CTCN operates under the guidance of its Advisory Board, and following the proposal submitted to the UNFCCC secretariat through the process agreed by Parties to the UNFCCC. The Advisory Board is mandated by the UNFCCC COP to, amongst other: 'Ensure the application of fiduciary standards, and legal and ethical integrity; and monitor, assess and evaluate the timeliness and appropriateness of the responses of the Climate Technology Centre and Network to requests'. Furthermore, the UNFCCC COP mandates periodic assessments of the Technology Mechanism, including the CTCN. The results of the periodic assessment are presented to Parties to the UNFCCC and guidance is provided accordingly. The process-related experiences from the implementation of the Innovation Facility would be included in the reporting and assessment outlined above thereby demonstrating to the COP concrete collaboration between the Technology and Financial Mechanisms and ensuring that guidance from COP is integrated into the Innovation Facility micro-grants programme.

**B. Describe the measures for financial and project / programme risk management.**

Identified risks	Risk rating	Mitigation measures
<b>Institutional risks</b>		
Delays in contracting Network Members may slow implementation	Medium	<ul style="list-style-type: none"> <li>A process for procurement and contracting will be agreed between UN Environment and the CTCN prior to implementation and timelines with performance benchmarks will be put in place</li> </ul>
Challenges in coordination between NDEs and DAs may impact the quality of submissions	Low	<ul style="list-style-type: none"> <li>Both NDEs and DAs will be engaged in outreach and communication efforts in order to ensure a common understanding of the project.</li> </ul>
The lack of enabling environment to encourage and support innovation limits national buy-in	Low	<ul style="list-style-type: none"> <li>Network Members implementing the micro-grants are required to devote resources to building the capacity of national counterparts through on-the job training, training workshops and other such mechanisms.</li> <li>Working through national focal points to the Adaptation Fund and CTCN will ensure government buy-in</li> </ul>
<b>Project risks</b>		
Not enough high quality requests are received	Low	<ul style="list-style-type: none"> <li>The outreach plan will focus on all eligible countries in order to ensure a transparent country-driven process in which all potential partners have access to information</li> <li>Technical support will be provided to countries developing requests in order to enhance the quality of proposals</li> </ul>
Transformational change cannot be achieved through micro-grants	Medium	<ul style="list-style-type: none"> <li>Eligibility and prioritization criteria will ensure that the micro-grants are linked to national plans and consistent with NDCs, NAPs and other relevant commitments</li> <li>Support will be provided to prepare proposals for scaled up investment through the Adaptation Fund full size innovation window or other relevant financing mechanisms</li> </ul>

Identified risks	Risk rating	Mitigation measures
Gender considerations are not adequately taken into account during the design and implementation of innovation grant.		<ul style="list-style-type: none"> <li>• UNEP environmental and social screening will be applied;</li> <li>• The CTCN Gender toolkit will be applied to all micro-grants</li> <li>• Network Members are required to report on gender indicators</li> </ul>
<b>Financial risks</b>		
Funding for scaled up implementation is not available	Medium	<ul style="list-style-type: none"> <li>• Information on the costs, benefits and financing options for the innovations supported through the projects will be provided by the Network Members in consultation with local experts</li> <li>• Selection criteria will include market-based indicators in order to select those innovations that have the greatest chance of scaling up, include the transformational impact potential of the innovation in order to select those innovations with the greatest chance of scaling up</li> </ul>
<b>Environmental risks</b>		
Innovations trigger mal-adaptation	Low	<ul style="list-style-type: none"> <li>• Micro-grant requests will be screened against climate change risks in the given country.</li> </ul>

**C. Describe the measures for environmental and social risk management, in line with the Environmental and Social Policy of the Adaptation Fund.**

Environmental and social risks under this project will depend on the types of grants the project will award. The nature of the technology aggregator programme is that the small grants are not expected to be identified until the implementation process is underway. In reviewing the grant selection process in Component 2, UNEP safeguard policy and AF safeguard policy will be applied to ensure full compliance. At the portfolio level this starts with the preparation of the Environmental, Social and Economic Review Note (ESERN) with and for clearance of the UN Environment Safeguards Advisor to determine appropriate risk mitigation measures. The checklist of environmental and social principles provided in Section II.L will also be followed. If the screening assigns a high or moderate risk category to the project, then additional steps will be taken to avoid or mitigate such risks during project preparation and management.

Project and safeguard information will be disclosed to public and relevant stakeholders for their information and engagement. Regular monitoring of the compliance with required environmental and social management plan will be carried out and documented in the annual progress reports. The project team will encourage stakeholders to communicate any potential compliance and grievance issues. The project team will respond duely and promptly to any concerns observed or reported to **avoid their escalation to be the grievance issues**. The project team will actively disseminate information on how to **raise their grievance cases and access grievance redress mechanism**, if there is any concern and complaint in the outreach plan to be implemented in Output 1.1.

To support the Environmental and Social Safeguards Framework UN Environment has adopted a number of related policies which will be applied to the Aggregator mechanism including:

- Policy guidance on environment, human rights and addressing inequalities
- Indigenous people policy
- Policy and strategy on gender equality and the environment
- Promoting greater protection for environmental defenders

- Partnership policy
- Information disclosure policy

**D.** Describe the monitoring and evaluation arrangements and provide a budgeted M&E plan.

The proposed project will comply with formal guidelines, protocols and toolkits issued by the AF and UN Environment. Proposed project risks and assumptions will be regularly monitored by UN Environment. Risk assessment and rating is an integral part of the Project Progress Review (PPR). The quality of the project's M&E will also be reviewed and rated as part of the PPR. Appropriate financial parameters will be monitored annually to ensure the cost-effective use of financial resources.

The proposed project will undergo a **Mid-Term Review** at the mid-point of project implementation. The Mid-Term Review will determine progress being made toward the achievement of outcomes and will identify corrective actions if needed. It will: i) focus on the effectiveness, efficiency and timeliness of project implementation; ii) highlight issues requiring decisions and actions; and iii) document initial lessons learned about project design, implementation and management. Findings of this review will be incorporated as recommendations for improved implementation during the final half of the project's term.

An independent **Final Evaluation** will take place three months prior to the proposed project's end date in accordance with UN Environment guidance. The Final Evaluation will focus on the delivery of the project's results as initially planned – and as corrected after the Mid-Term Evaluation, if any such correction took place. The Final Evaluation will assess the impact and sustainability of results, including their contribution to capacity development and the achievement of adaptation benefits.

### Monitoring

The micro-grants, implemented as technical assistance projects, will meet monitoring and reporting requirements through a mandatory monitoring and reporting activity in each micro-grant. The main deliverable from this activity is a closure report designed to (1) communicate publicly in one synthesis document a summary of progress made and lessons learned under the technical assistance towards the anticipated impact, and (2) compile information required for internal use in donor and UN reporting. Monitoring requirements are also taken in consideration at early stages of the process, while designing the expected outcomes and outputs of each project, as well as their associated indicators. National focal points are expected to play a key role in contributing to inform this process. These reporting requirements will be the basis to monitor the progress made against outcomes, outputs, activities and associated indicators included in the programme Result Framework.

The CTCN also has a proven and robust project management system in place which would be applied to facilitate monitoring and reporting throughout implementation thereby facilitating adaptive management and learning by doing.

Key features of the project management system include a project tracking tool which: is easy to update; contains information on process/status, financing, country focal points, eligibility and prioritization criteria; is linked to a document database, collecting, among others, gender-disaggregated data; is tied to reporting and visualization tools that are automatically updated; and differentiates between private and public information. The objective of the system is to ensure

that support is targeted towards activities that demonstrate concrete impacts, address the transformational changes envisioned in the Paris Agreement and the long-term vision for technology development and transfer. The project management tool could be made available to NIEs implementing direct-access Innovation Facility micro-grants.

The Programme management will endeavour to establish a culture and practice of monitoring micro-grants activities to demonstrate achievements in a transparent and accountable manner, as well as to facilitate knowledge capture and adaptive management

An **Annual Project Progress Review** (PPR) will be prepared to monitor progress made since the project’s start and in particular for the previous reporting period. The PPR includes, but is not limited to, reporting on the following:

- progress on the project’s objective and outcomes – each with indicators, baseline data and end-of-project targets (cumulative);
- project outputs delivered per project outcome (annual);
- lessons learned/good practice;
- annual Work Plan and expenditure reports; and
- project risk and adaptive management.

**Table 19: Monitoring and evaluation costs of the proposed project.** *Note: The costs indicated here do not include the costs associated with UN Environment staff. Such costs will be covered by the MIE fee.*

Type of M&E activity	Responsible parties	Budget US\$ (excluding project team time)	Timeframe
Direct Project Monitoring and Quality Assurance including progress and financial reporting, project revisions, technical assistance and risk management	<ul style="list-style-type: none"> <li>• Project Manager</li> <li>• Finance and procurement assistant</li> </ul>	(supported from staff costs included in Project execution, and from MIE fee)	Quarterly, half-yearly and annually and as needed
Evaluations (Independent terminal evaluations)	<ul style="list-style-type: none"> <li>• UN Environment</li> <li>• External consultants</li> </ul>	Mid-term review: \$46,250  Terminal evaluation: 73,000	At mid-term end of project implementation
<b>TOTAL indicative cost</b>			<b>US\$ 119,250</b>

**E.** Include a results framework for the project / programme proposal, including milestones, targets and indicators.



<b>Objective</b>	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>Means of Verification</b>	<b>Assumptions</b>
To strengthen the ability of countries and communities to test, evaluate, roll out and scale up innovative adaptation practices, products and technologies.	Extent of innovative practices and investments taking place to address climate change adaptation challenges <sup>9</sup> .	0	3	Grant closure reports	Countries are supportive of innovative approaches to adaptation
<b>Outcome</b>	<b>Outcome indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>Means of Verification</b>	<b>Assumptions</b>
<b>Outcome 1:</b> The innovation micro-grants mechanism is launched and partnerships for accessing the Adaptation Fund innovation mechanism are accelerated	# of countries requesting micro-grants to support innovation in adaptation	0	20 country requests	CTCN knowledge management system	Technology focal points and innovators and adaptation focal points and planners are motivated to work together
<b>Outcome 2</b> Adaptation innovation and technology acceleration supported by government structures and processes	# micro-grants invested in technology acceleration	0	20 investments	CTCN knowledge management system	Project proponents are motivated to submit project investment ideas
<b>Outcome 3</b> Experiences from the micro-grant innovation mechanism lead to scaled-up funding	Scaled up funding secured for technology acceleration investment	0	Scaled up funding secured for at least 4 technology acceleration investments	Project reports	The project generates credible technology ideas that can attract scaled up support.

<sup>9</sup> Scale: Level 0 = Low to no investment in innovative practices; Level 1 = Enabling environment (policy and/or fiscal reform) improvements designed  
Level 2 = public investment made into innovative technologies and practices; Level 3 = private investment leveraged by public investments in adaptation technologies and practices; Level 4 = Adaptation technologies and practices secure markets;

Output	Output indicator	Baseline	Target	Means of Verification	
<b>Output 1.1:</b> Outreach plan developed for 70 countries in the programme	Outreach plan developed	0	1	Project report	
<b>Output 1.2:</b> Project concept notes for Adaptation Fund innovation micro-grants mechanism are strengthened in 30 countries through partnerships with CTCN Network Members	Project concept notes	0	30	Project report	
<b>Output 2.1:</b> Promising adaptation innovations and Technologies are accelerated in 15 countries	Number of adaptation technology innovations supported	0	15	Project reports	
<b>Output 2.2:</b> Technical and financial systems to support adaption innovation and technology action are strengthened in 10 countries	Number of technical analyses to support the enabling environment for technology innovation	0	10	Project reports	
<b>Output 3.1:</b> Lessons learned and good practices from project implementation support are shared	Number of project stories;	0	5	Project reports	
	Operational project dashboard	CTCN tool to be adapted	1 tailored tool for the technology accelerator	Web-based tool	
<b>Output 3.2:</b> Guidance document for adaptation innovation	Number of guidance documents	0	1	Project reports	
	5 joint UNEP-UNDP-AF communication materials are published and disseminated	Number of communication products	0	5	

<b>Output 3.3:</b> <i>Proposals for scaled up investment of 2 technology investments are developed and funding secured.</i>	Number of business/funding proposals	0	2	<i>Business/ Funding proposals</i>	
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**F. Demonstrate how the project / programme aligns with the Results Framework of the Adaptation Fund**

The innovation micro-grant programme as having the ultimate objective of supporting countries to test, evaluate, roll out and scale up innovative adaptation practices, products and technologies. Within this ultimate objective we understand that the micro-grants facility will focus on Medium Term Strategy ER 3 - New innovations encouraged and accelerated (development of innovative adaptation practices, tools and technologies encouraged and accelerated) and ER 4 – Evidence base generated (evidence of effective, efficient adaptation practices, products and technologies generated as a basis for implementing entities and other funds to assess scaling up).

Project Objective(s) <sup>10</sup>	Project Objective Indicator(s)	Fund Outcome	Fund Outcome Indicator	Grant Amount (USD)
To support countries to test, evaluate, roll-out and scale up innovative adaptation practices, products and technologies.	Extent of innovative practices and investments taking place to address climate change adaptation challenges.	<b>Outcome 8.</b> Support the development and diffusion of innovative adaptation practices, tools and technologies.	8.1 No. of innovative adaptation practices, tools and technologies accelerated, scaled up or replicated.	5,000,000
Project Outcome(s)	Project Outcome Indicator(s)	Fund Output	Fund Output Indicator	Grant Amount (USD)
<b>Outcome 1.</b> The innovation micro-grants mechanism is launched and partnerships for accessing the Adaptation Fund innovation mechanism are accelerated	<b>1.1.</b> No. of countries requesting micro-grants to support innovation in adaptation	<b>AF MTS ER3 Result: New Innovations encouraged and accelerated.</b> Output: A relevant, efficient, effective and sustainable micro-grant (up to USD 250,000) mechanism established to develop and/or test innovative adaptation products (e.g. project management tools) and technologies	Number of innovative adaptation practices, tools and technologies funded	340,375
<b>Outcome 2.</b> Adaptation innovation and technology acceleration supported by government structures and processes	<b>2.1</b> No. of micro-grants invested in technology acceleration			3,500,000
<b>Outcome 3.</b> Experiences from	<b>3.1.</b> Scaled up funding secured for technology	<b>AF MTS ER4 Result: Evidence base generated:</b>	Quantity and quality of key	300,000

<sup>10</sup> The AF utilized OECD/DAC terminology for its results framework. Project proponents may use different terminology, but the overall principle should still apply.

micro-grant lead to scaled-up funding.	acceleration investment.	Output: A relevant, efficient, effective and sustainable micro-grant (up to USD 250,000) mechanism established to generate evidence base effective, efficient adaptation practices, products and technologies, to enable implementing entities and other funds to assess	findings on effective, efficient adaptation practices, products and technologies generated	
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G. Include a detailed budget with budget notes, broken down by country as applicable, a budget on the Implementing Entity management fee use, and an explanation and a breakdown of the execution costs.

Expected Outputs	Output Budget	Outputs	Inputs	Y1	Y2	Y3	Y4	Y5	Total	CTCN Co-funding
<b>Component 1: Outreach and sourcing of innovation micro-grant proposals</b>										
The innovation micro-grants mechanism is launched and partnerships for accessing the Adaptation Fund innovation mechanism are accelerated	340,375	Outreach plan developed for 70 countries in the programme	Communication Specialist	12000	12000	6000	6000	3000	<b>39000</b>	20000
			Translation Services	2000	1000				<b>3000</b>	
			Printing	2000	2000	375			<b>4375</b>	
			Regional Liaison	6000	6000	6000	6000	3000	<b>27000</b>	
		Project concept notes for Adaptation Fund innovation micro-grants mechanism are strengthened in 30 countries through partnerships with CTCN Network Members	Grants to Network Members	29000	57000	57000	32000	32000	<b>207000</b>	
			Travel	10000	20000	15000	15000		<b>60000</b>	
		Micro-grants selected	All costs will be covered through CTCN co-funding							
<b>Component 2: Micro-grants support the development and diffusion of innovative adaptation practices, tools, and technologies</b>										

Adaptation innovation and technology incubation and acceleration supported by government structures and processes	3,500,000	Promising Adaptation Innovations and Technologies are accelerated in 15 countries	Grants to Network Members	510000	560000	560000	710000	560000	<b>2900000</b>	
		Technical and financial systems to accelerate adaption innovation and technology action are strengthened in 5 countries	Grants to Network Members		150000	150000	150000	150000	150000	<b>600000</b>
<b>Component 3: Concrete adaptation actions are triggered by the knowledge and evidence produced by the micro-grant mechanism</b>										
Experiences from the micro-grant innovation mechanism lead to scaled-up funding	300,000	Lessons learned and good practices from project implementation support are shared	Communication Specialist	6000	6000	6000	6000	6000	<b>30000</b>	60000
			IT Services		4000	4000	4000	4000	<b>16000</b>	10000
			Grants to Network Members		15000	20000	20000	20000	<b>75000</b>	75000
		5 joint communication materials are published and disseminated	Communication Specialist	6000	6000	6000	6000	6000	<b>30000</b>	30000
			Translation Services		2000	2000	2000	2000	<b>8000</b>	
			Audio / Video Services		2000	2000	2000	2000	<b>8000</b>	10000
			Printing		2000	2000	2000	2000	<b>8000</b>	

		2 technology investments proposals are developed	Grants to Network Members		15000	20000	20000	20000	<b>75000</b>	100000
			Travel				25000	25000	<b>50000</b>	15000
<b>Project Management Costs</b>										
Project Execution Costs	434,625	Aggregator Management	Programme Manager	17000	17000	17000	17000	17000	<b>85000</b>	
			Procurement Officer	10000	20000	20000	20000	20000	<b>90000</b>	
			Technical Specialist	6000	6000	6000	6000	6000	<b>30000</b>	
			Office Equipment	2000	2000	2000	2000	2000	<b>10000</b>	
			Project Dashboard Set-up	2000					<b>2000</b>	
			Travel	30000	30000	30000	30000	24625	<b>144625</b>	
		Monitoring and Evaluation					73000	<b>73000</b>		
<b>SUB-TOTAL</b>										
				<b>140000</b>	<b>375000</b>	<b>371375</b>	<b>371000</b>	<b>417625</b>	<b>4575000</b>	
<b>Project Cycle Management Fee Charged by the Implementing Entity (8.5%)</b>										
									<b>425,000</b>	
<b>TOTAL</b>										
									<b>5,000,000</b>	1,000,000



H. Include a disbursement schedule with time-bound milestones.

	Y1	Y2	Y3	Y4	Y5	Total
<b>Scheduled date</b>	Jan. 2020	Jan. 2021	Jan. 2022	Jan.2023	Jan.2024	
<b>Project funds</b>	583000	860000	856375	1006000	835000	4140375
<b>Execution cost</b>	67000	75000	75000	75000	142625	434625
<b>MIE fee</b>	63900	86020	85686.5	99452	89941.5	425000
<b>Total</b>	<b>713900</b>	<b>1021020</b>	<b>1017062</b>	<b>1180452</b>	<b>1067567</b>	<b>5000000</b>

## PART IV: ENDORSEMENT BY GOVERNMENTS AND CERTIFICATION BY THE IMPLEMENTING ENTITY

**B. Implementing Entity certification** *Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project/programme contact person's name, telephone number and email address*

I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board and subject to the approval by the Adaptation Fund Board, <u>commit to implementing the programme in compliance with the Environmental and Social Policy of the Adaptation Fund.</u>	
Name & Signature Implementing Entity Coordinator	
Date: (Month, Day, Year)	Tel. and email:
Project Contact Person: Jessica Troni	
Tel. And Email: +254795751062 Jessica.troni@outlook.com	