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## UNIDO's AFCIA Sub-Programme Adaptation SMEs Innovation Facility

# Inception Report

25 May 2026

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Contact the ASIF team: [asif@unido.org](mailto:asif@unido.org)

## 1. Executive Summary

ASIF is a UNIDO project funded by the Adaptation Fund under the Adaptation Fund Climate Innovation Accelerator (AFCIA). The facility seeks to enhance the resilience and adaptive capacity of vulnerable communities by supporting small and medium-sized enterprises (SMEs) to develop, validate, deploy and scale innovative climate adaptation technologies, products and services. The facility is implemented by UNIDO, with BFA Global serving as executing partner for Components 1 and 2, and UNIDO directly executing Component 3 on ecosystem strengthening and learning.

The inception phase of the Adaptation Small and Medium-sized Enterprises Innovation Facility (ASIF) covered the period from 27 February 2026, when the Implementing Partner Agreement (IPA) between UNIDO and BFA Global was countersigned, to 28 April 2026, when ASIF was officially launched through an online inception workshop. The inception phase marked the transition from project approval and contractual arrangements to operational implementation. During this period, UNIDO and BFA Global worked jointly to prepare the official ASIF launch, refine the facility's implementation approach, confirm communications and outreach arrangements, develop early work planning, and address operational issues related to financial reporting and fund-flow arrangements under the IPA.

The ASIF inception workshop was held on 28 April 2026 as a 60-minute online webinar. The event brought together representatives from the Adaptation Fund, UNEP-CTCN, UNIDO and BFA Global, and introduced ASIF to prospective SME applicants, ecosystem partners, investors, entrepreneur support organizations and other stakeholders. The webinar generated strong interest, with 246 registrations and 133 unique live attendees from 75 countries.

The inception phase confirmed the continued relevance of ASIF's approved objective, theory of change and three-component structure. It also provided an opportunity to refine the operational design of the facility based on the current market context for adaptation SMEs, lessons from BFA Global and UNIDO experiences in SME support, the growing availability of digital and AI-enabled tools that may strengthen SME operations and delivery models, and practical implementation considerations.

Three key refinements arose from the inception phase. First, ASIF will concentrate Ignite and Propel resources on four priority solution areas: Food and Agriculture Value Chains, Financial Services, Blue Economy, and Urban Adaptation and Resilience. Health will be engaged selectively where it intersects with Financial Services, including climate-health insurance, parametric health financing and embedded health protection products, rather than as a standalone vertical. Second, ASIF will encourage the practical use of AI-enabled tools where these can help supported SMEs strengthen business operations, improve delivery models, expand user reach, reduce costs, or better understand and respond to climate risks. This does

not represent a shift toward supporting AI solutions as a standalone focus. Third, the Propel cohort range will be updated from a fixed target of 32 SMEs to a range of 30–32 SMEs, while maintaining ASIF's overall beneficiary and inclusion ambitions and strengthening the technical assistance package available to each selected SME.

These refinements strengthen the fundamental objective of ASIF and sharpen the facility's operational focus so that available resources are concentrated where SME-led innovation can deliver measurable adaptation impact within the facility period. They also support a more realistic and higher-quality selection process, particularly given the need to identify SMEs that combine credible adaptation impact, business readiness, technological readiness, inclusion potential, and implementation capacity.

## 2. Introduction

The Adaptation Small and Medium-sized Enterprises Innovation Facility (ASIF) is a global programme approved and funded by the Adaptation Fund under the Adaptation Fund Climate Innovation Accelerator (AFCIA). AFCIA aims to foster innovation in climate change adaptation in developing countries, with a particular focus on identifying, supporting and scaling solutions that can strengthen resilience among vulnerable communities.

The primary objective of ASIF is to enhance the resilience and adaptive capacity of vulnerable communities by facilitating the development and deployment of innovative climate adaptation technologies and solutions by SMEs. The support provided to SMEs is a strategic means to achieve this overarching adaptation objective. By providing targeted technical assistance, venture-building support, performance-based grants, knowledge exchange and ecosystem engagement, ASIF aims to enable adaptation-focused SMEs to develop, validate and scale solutions that respond to the needs of climate-vulnerable communities.

ASIF is structured around three components:

### **Component 1: Ignite (executed by BFA Global)**

Ignite provides business growth support to innovative adaptation SMEs offering climate adaptation technologies, products or services at Technology Readiness Levels (TRLs) 3–4 and Business Readiness Levels (BRLs) 2–4. The purpose of Ignite is to help early-stage SMEs strengthen their business capabilities, improve problem-solution fit, validate their adaptation rationale, and move promising innovations closer to market readiness.

### **Component 2: Propel (executed by BFA Global)**

Propel provides milestone-based grant financing and tailored venture-building support to adaptation-focused SMEs at TRLs 5–7 and BRLs 5–7. Through this combined package of financial and technical support, Propel aims to help selected SMEs deploy and scale their solutions in validated markets, reach vulnerable communities more effectively, and improve readiness for follow-on investment or other forms of scale-up financing.

### **Component 3: Ecosystem and Learning (executed by UNIDO)**

The Ecosystem and Learning component captures, documents and shares insights generated through ASIF's support to adaptation-focused SMEs. It aims to strengthen the ecosystem for early-stage climate adaptation and resilience solutions by building knowledge, engaging investors and capital providers, connecting ecosystem actors, and contributing to broader learning on SME-led adaptation innovation.

## 3. Summary of Activities during the Inception Phase

### 3.1 ASIF design

Technical discussions on the design of ASIF were a key element of the inception phase. These discussions were particularly important given the time elapsed between the project's approval in October 2023 and the transfer of project funds in November 2025. The purpose of the review was to confirm that the approved design remained relevant in the current operating context for adaptation SMEs and to identify any operational refinements needed to support effective implementation.

The review confirmed the continued relevance of ASIF's objective, theory of change and three-component structure. It also identified three refinements to strengthen the facility's operational focus, implementation feasibility and impact potential, while maintaining the approved project objective, component structure and overall budget.

First, ASIF will concentrate Ignite and Propel resources on four priority solution areas: Food and Agriculture Value Chains, Financial Services, Blue Economy, and Urban Adaptation and Resilience. Health will remain relevant where it intersects with Financial Services, including climate-health insurance, parametric health financing and embedded health protection products, but will not be treated as a standalone vertical during the first implementation phase.

Second, ASIF will encourage the practical use of AI-enabled tools where these can help supported SMEs strengthen business operations, improve delivery models, expand user reach, reduce costs, or better understand and respond to climate risks. This does not represent a

shift in ASIF's focus toward AI solutions. ASIF will remain focused on supporting SMEs that develop and deploy climate adaptation technologies, products and services for vulnerable communities.

Third, ASIF will update the Propel cohort range from a fixed target of 32 SMEs to a range of 30–32 SMEs. This adjustment will allow the selection process to prioritize quality, adaptation relevance, business readiness and implementation fit, while maintaining ASIF's overall impact ambition. The Propel support package will remain USD 130,000 per SME, with a revised composition of USD 80,000 in performance-based grant financing and USD 50,000 in venture-building support.

The full rationale for these refinements is presented in Section 5.3. Taken together, the refinements are intended to ensure that ASIF resources are concentrated where SME-led innovation can deliver measurable adaptation outcomes within the facility period, while preserving the core intent of the approved project design.

### **3.2 Project duration, workplan and disbursement schedule**

During the inception phase, UNIDO and BFA Global also reviewed the approved project duration, implementation workplan, budget and disbursement schedule.

The review confirmed that the five-year duration envisaged in the initial project design remains appropriate. Given that the ASIF inception workshop was held on 28 April 2026, marking the official launch of the facility, the estimated project end date is therefore 28 April 2031. This duration is considered necessary to allow ASIF to implement multiple Ignite and Propel cycles, provide adequate technical assistance and grant support to selected SMEs, capture learning across implementation cycles, and generate evidence on SME-led adaptation solutions.

The inception phase also identified the need to update the implementation workplan, corresponding budget and disbursement schedule. The disbursement schedule submitted at project approval stage no longer fully aligns with the current implementation plan. In particular, the initial Year 1 budget was prepared on the assumption that the first implementation year would cover only an initial three-month period. During the inception phase, this assumption was clarified and corrected. Year 1 should support a full 12 months of implementation across approved ASIF activities.

UNIDO and BFA Global will therefore prepare a revised workplan, with a corresponding budget and disbursement schedule, aligned with the confirmed five-year implementation period. The revised schedule will ensure that Year 1 resources are sufficient to support 12 months of implementation, including SME outreach, application and selection processes, technical assistance, grant management, venture-building support, monitoring, reporting,

learning and communications. This may include reviewing the structure of Executing Entity fee use and corresponding revisions.

In addition, to reduce the risk of activity pauses between annual Adaptation Fund disbursements, UNIDO will propose that 25 per cent of the following year's budget be advanced together with the current year's disbursement. This would support implementation continuity while the subsequent annual disbursement is being processed, particularly for time-sensitive activities linked to SME support cycles.

The proposed adjustment does not change the approved project objective, component structure or total project budget. It is intended to align the workplan, budget and disbursement schedule with the confirmed project duration and actual implementation requirements, while strengthening financial planning and reducing the risk of implementation delays.

### 3.3 Inception workshop preparations

In the weeks leading up to the 28 April 2026 inception workshop, BFA Global and UNIDO undertook a coordinated series of planning activities to ensure a successful public launch of ASIF.

A joint webinar promotion plan was developed and agreed in principle. This included a Zoom webinar with a BFA-managed registration page, a dedicated BFA website landing page, LinkedIn promotion, email outreach to BFA Global's mailing list and start-up/SME database, and coordination with UNIDO communications channels. Promotional materials were coordinated with the AFCIA communications officer to ensure alignment with the broader AFCIA portfolio and to position ASIF as part of the Adaptation Fund's wider climate innovation offering.

The registration form was designed to collect standard participant information, including name, organization, location and stakeholder type. Optional gender and age-bracket fields were included to support inclusion tracking, with a "prefer not to say" option to ensure sensitivity and voluntary disclosure. The form also included an opt-in to the ASIF mailing list, enabling the project team to begin building an ASIF stakeholder community from the launch stage.

Preparatory meetings also addressed webinar title, key messaging, outreach channels, registration logistics, speaker sequencing, technical roles, presentation content and Q&A management. A key communications decision during the preparation phase was that external promotion should lead with ASIF as a facility supporting SMEs building climate adaptation solutions, rather than introducing the Ignite and Propel sub-programmes in isolation before the overall facility was established with external audiences.

By the final preparation call on 27 April 2026, 211 registrations had already been received. A technical pre-check was held on the day of the webinar to ensure smooth delivery. The webinar ultimately generated 246 registrations and 133 unique live attendees.

### 3.4 Review of contractual and financial management arrangements

During the inception phase, UNIDO and BFA Global reviewed the financial management and reporting arrangements under the Implementing Partner Agreement to ensure that they are practical for implementation while maintaining appropriate fiduciary controls.

Based on this review, UNIDO and BFA Global agreed to update the payment and reporting modality to a quarterly advance and reimbursement model. Under this arrangement, BFA Global will submit quarterly technical and financial reports, which will be reviewed by UNIDO before subsequent advances and reimbursements are processed.

For Propel grants, a dedicated project account structure will be established to ensure that funds allocated for SME sub-grants are clearly earmarked and used only for approved grant purposes. Grant drawdowns will be linked to the achievement of agreed milestones and reported on a quarterly basis.

The amendment is intended to strengthen implementation feasibility, improve cash-flow management, and maintain transparency, reporting discipline and accountability throughout ASIF implementation.

### 3.5 Contribution to AFCIA partnership

The inception phase also reaffirmed ASIF's intended contribution and value to the wider AFCIA portfolio. ASIF will complement existing AFCIA sub-programmes by focusing specifically on adaptation SMEs as developers and deployers of locally relevant adaptation technologies, products and services. Through Ignite and Propel, ASIF will generate practical evidence on how early-stage SMEs can be supported to strengthen their business models, articulate adaptation impact, reach vulnerable communities, and prepare for scale. ASIF will also collaborate with the AFCIA coordination mechanism led by UNEP-CTCN and seek synergies with other AFCIA partners, particularly in relation to sourcing, outreach, screening and selection of Ignite and Propel applicants. Through Component 3, ASIF will contribute lessons, tools, case studies and knowledge products to AFCIA-wide learning on climate adaptation innovation, including what works in supporting SME-led adaptation solutions across different sectors and geographies.

## 4. Inception Workshop Overview and Insights

### 4.1 Workshop purpose and structure

The ASIF inception workshop was held on 28 April 2026 as an online webinar and served as the official public launch of the facility. The 60-minute session introduced ASIF to a global audience of prospective SME applicants, ecosystem partners, entrepreneur support organizations, investors, donor partners and institutional stakeholders.

The workshop aimed to:

- present ASIF's objectives, structure and expected contribution to AFCIA
- introduce the roles of UNIDO, BFA Global, the Adaptation Fund and UNEP-CTCN
- explain the Ignite and Propel support pathways
- provide initial information on ASIF focus areas and timelines
- invite expressions of interest from prospective SMEs and ecosystem partners
- begin building an ASIF stakeholder community
- gather early feedback and questions from potential applicants and partners

The workshop followed a structured format, combining opening remarks, institutional framing, technical presentations, a facility overview, a presentation of Ignite and Propel, and a moderated Q&A session. The webinar also included a call to action directing participants to submit early expressions of interest and follow UNIDO CTI and BFA Global communication channels for updates.

### 4.2 Speakers and presentations

**Saliha Dobardzic, Programming and Innovation Unit Lead, Adaptation Fund**, delivered pre-recorded video remarks as the opening keynote speaker. She presented the Adaptation Fund's perspective on climate adaptation innovation, the rationale behind AFCIA, and the contribution ASIF can make by channeling targeted support to SMEs developing innovative adaptation solutions for vulnerable communities.

**Nadège Trocellier, AFCIA Coordinator, UNEP-CTCN**, provided an overview of AFCIA and its sub-programmes. She situated ASIF within the wider AFCIA partnership, described synergies across the portfolio, and highlighted the role of coordinated learning and innovation support in advancing climate adaptation solutions.

**Alois Mhlanga, Director, Division of Climate Innovation and Montreal Protocol, UNIDO**, spoke to UNIDO's role in climate adaptation and the importance of private sector engagement and innovation in delivering meaningful resilience outcomes. He highlighted how ASIF

contributes to an innovation continuum and supports the wider adaptation ecosystem by helping SMEs develop and scale market-driven adaptation solutions.

**Prateek Shrivastava, Managing Director, BFA Global**, presented BFA Global's work in climate adaptation and highlighted the persistent gap in private sector investment for adaptation. He explained how ASIF is designed to help adaptation SMEs strengthen both impact and growth readiness, and emphasized the urgency of supporting solutions that respond to the needs of climate-vulnerable communities.

**Eleonora Gatti, Head, Climate Technology Innovation Unit, UNIDO**, opened the ASIF overview segment by setting out UNIDO's approach to climate innovation and explaining how this institutional perspective informs the design of ASIF. She provided the technical and institutional framing for UNIDO's role within the ASIF partnership.

**Sunyoung Suh, ASIF Manager, UNIDO**, presented the core elements of ASIF, including the facility's goals, operating locations, component structure and team. She also introduced the Ecosystem and Learning component, explaining how it will support cross-facility learning, peer exchange and systematic tracking of adaptation benefits at community level.

**Rasima Swarup, ASIF Lead, BFA Global**, presented Ignite and Propel, covering their structure, support offer, target SME profiles, expected outcomes, focus areas and indicative cohort timelines. She also responded to the majority of audience questions during the Q&A segment.

**Samy Costin-Osan, ASIF Focal Point and Investment Administrator, Climate Technology Innovation Unit, UNIDO**, served as Master of Ceremonies. He facilitated the session, introducing speakers and supporting the flow of the event, and presented the closing call to action.

### 4.3 Registrations and attendance

The webinar generated strong interest ahead of the event, with 246 registrations. Of these, 133 unique viewers joined the live session, with a peak of 129 concurrent viewers during the broadcast. This indicates strong and sustained engagement across the duration of the webinar.

Participants registered from 75 countries across Africa, Asia, Europe, Latin America and the Pacific. The top five attendee countries were Austria, Kenya, Nigeria, the United States and India. The high number of registrations from Austria reflected UNIDO's headquarters presence in Vienna, while strong representation from sub-Saharan Africa, particularly Kenya and Nigeria, underscored the relevance of ASIF's mandate to adaptation SMEs and ecosystem actors in developing regions.

Among attendees who provided demographic information, the gender breakdown was approximately 50 per cent female and 47 per cent male, with around 3 per cent preferring not to specify. This indicates strong gender balance among participants who chose to disclose this information.

In terms of age, the majority of attendees were in the 25–34 and 35–44 age brackets, representing 35 per cent and 32 per cent respectively. Participants aged 45–54 accounted for 17 per cent, while smaller shares represented the 55–64, 65+ and 18–24 age groups. This profile suggests that ASIF reached a professionally active audience with relevant experience in entrepreneurship, climate innovation, investment, technical assistance and ecosystem support.

#### 4.4 Audience engagement and Q&A

The session generated 18 audience questions. The volume and diversity of questions reflected interest in both the facility mechanics and broader strategic considerations.

Questions clustered around the following themes:

- geographic scope and eligibility, including questions about Latin America, Turkey, the Philippines and Africa
- distinction between Ignite and Propel
- possible pathways between the two tracks
- how public and private sector actors can partner with ASIF
- whether partnership with ASIF requires financial contribution
- access to funding and grant support
- eligibility of social enterprises and NGOs
- support for deeptech and climate adaptation technologies
- the role of entrepreneur support organizations and mentors
- how indigenous communities can participate in the facility

The Q&A demonstrated that ASIF reached a broad audience that included prospective SME applicants, ecosystem partners, investors, entrepreneur support organizations, NGOs and institutional actors. Unanswered questions were collected for inclusion in a post-event follow-up communication to all registrants.

#### 4.5 Next steps and call to action

The webinar concluded with a call to action for participants. The first Ignite call for applications is expected to open in June 2026, while the first Propel call is expected to open in September 2026. Participants were invited to submit early expressions of interest through the ASIF webpage hosted by BFA Global and to follow UNIDO CTI and BFA Global on

LinkedIn for facility updates.

The webinar also served as the first step in building a wider ASIF stakeholder community. The registration list, opt-in mailing list and Q&A log will be used to inform follow-up communications, outreach planning and early engagement with prospective applicants and ecosystem partners.

#### 4.6 Stakeholder consultation insights

Although the inception workshop was designed primarily as a launch and outreach event, it also generated useful early stakeholder feedback that can help inform ASIF implementation. This feedback came through audience questions during the webinar, registration patterns, follow-up interest generated through the event, and the preparatory discussions held with partners around how ASIF should be positioned and communicated.

First, the workshop and related preparation process confirmed strong interest in clear partner roles and collaboration modalities. Questions and discussions indicated that stakeholders wanted greater clarity on how UNIDO and BFA Global would work together, how ecosystem partners could engage with ASIF beyond funding, and how collaboration with the wider AFCIA partnership would function in practice. This reinforces the importance of clearly communicating institutional roles, implementation responsibilities and entry points for collaboration.

Second, stakeholder interactions highlighted several perceived implementation risks and information gaps. These included uncertainty about eligibility, the distinction between Ignite and Propel, how applicants might move through the support pipeline, whether partnership requires financial contributions, and how ASIF will balance its global scope with practical regional sequencing. These signals are useful because they show where future outreach materials, application guidance and webinar or FAQ content will need to provide greater operational clarity.

Third, the workshop generated early signals of collaboration opportunities across the ecosystem. Interest came not only from prospective SMEs, but also from entrepreneur support organizations, investors, institutional actors and potential knowledge partners. This suggests that ASIF is already being seen not only as a funding and support facility for enterprises, but also as a platform for ecosystem engagement, referrals, mentoring, co-hosted events, research collaboration and wider market-building around adaptation innovation.

Fourth, the questions raised during the workshop pointed to demand signals from several stakeholder groups. Prospective SME applicants were primarily interested in timing, eligibility, geography, and the practical distinction between the two support tracks. Ecosystem partners were interested in collaboration modalities and outreach roles. Investors and

support organizations showed interest in the types of SMEs ASIF seeks to support, the potential pipeline emerging through the facility, and the extent to which ASIF could help generate investable adaptation ventures over time. These signals support the relevance of combining enterprise support with communications, investor engagement and ecosystem learning functions under Component 3.

At this early stage, these consultation insights remain indicative rather than fully representative. However, they already provide a more structured picture of stakeholder expectations than a simple participation summary alone. As ASIF moves into implementation, stakeholder feedback should be captured more systematically through application data, partner interactions, post-event follow-up, cohort learning processes and ecosystem engagement activities so that the facility remains responsive to demand while preserving its adaptation objective.

## 5. Confirmation of Project Design Assumptions and Implementation Arrangements

### 5.1 Continued relevance of ASIF's objective and theory of change

The inception phase confirmed the continued relevance of ASIF's approved objective: to enhance the resilience and adaptive capacity of vulnerable communities by facilitating the development and deployment of innovative climate adaptation technologies and solutions by SMEs.

The underlying rationale of the project remains valid. SMEs continue to play an important role in providing locally relevant products, technologies and services to vulnerable communities, including in underserved and remote markets. Their proximity to users, understanding of local needs, ability to adapt business models, and potential to provide after-sales support make them well positioned to contribute to climate adaptation outcomes.

At the same time, adaptation SMEs continue to face gaps in capital, technical assistance, talent, market access, investment readiness and ecosystem connectivity. These gaps are particularly acute for SMEs at early stages of technological and business readiness. ASIF's two-track structure, combining Ignite for TRL 3–4 / BRL 2–4 SMEs and Propel for TRL 5–7 / BRL 5–7 SMEs, remains appropriate for addressing these gaps in a sequenced manner.

The inception phase also confirmed the relevance of ASIF's theory of change. If adaptation SMEs with high-impact potential are identified and supported with targeted business acceleration, technical assistance and milestone-based grant financing, then their capacity

to develop, validate and deploy contextualized adaptation solutions will be strengthened. This, in turn, can increase the availability of innovative adaptation solutions for vulnerable communities, improve SME readiness for scale, and generate evidence and learning for the wider adaptation innovation ecosystem.

## 5.2 Revalidation of project components and implementation approach

The following table summarizes how the inception phase reaffirmed the continued relevance of ASIF's three components and identified implementation implications for the first phase of delivery.

Project component	Key observations from inception phase	Status / implementation implications
Component 1 – Ignite	The inception phase confirmed the need for structured support to early-stage adaptation SMEs at TRL 3–4 / BRL 2–4. Many SMEs require support to articulate their adaptation rationale, strengthen problem-solution fit, refine user understanding, improve business models, and prepare for market readiness.	Confirmed. Ignite will proceed as a structured business growth support pathway. Implementation will emphasize adaptation relevance, business capability strengthening, user validation, inclusion, and practical use of AI tools where relevant to improve product development, operations or delivery.
Component 2 – Propel	The inception phase confirmed the need for deeper support to SMEs that are closer to deployment and scale. SMEs at TRL 5–7 / BRL 5–7 require milestone-based grants, tailored venture-building, including market validation, and support to strengthen investor readiness.	Confirmed with operational refinements. Propel will continue to combine performance-based grants with tailored venture-building. The cohort range will be adjusted to 30–32 SMEs to maintain selection quality, and the per-SME package will be revised to strengthen specialist technical assistance while maintaining a substantial grant component.
Component 3 – Ecosystem and Learning	The inception workshop demonstrated strong interest from prospective SMEs, investors, ecosystem partners and institutional actors. The Q&A showed demand for clarity on eligibility, partnerships, geography, funding, mentorship, and pathways between support tracks.	Confirmed. Component 3 will play a critical role in knowledge generation, stakeholder engagement, investor and ecosystem community building, communication, and learning across ASIF cycles. Early establishment of communication channels and a mailing list will support this function.

### 5.3 Implementation and governance structure

The inception phase also helped clarify the operational implementation and governance structure for ASIF. UNIDO serves as the Implementing Entity and overall strategic anchor of the facility. In this role, UNIDO is responsible for overall project oversight, alignment with Adaptation Fund and AFCIA requirements, fiduciary accountability, environmental and social safeguards oversight, reporting to the Adaptation Fund, and direct execution of Component 3 on Ecosystem and Learning. BFA Global serves as the executing partner for Components 1 and 2 and is responsible for the day-to-day design and delivery of Ignite and Propel, including outreach, application management, screening and due diligence processes, venture-building support, milestone tracking, and operational engagement with supported SMEs.

Governance will combine routine implementation coordination between UNIDO and BFA Global with broader alignment to the AFCIA partnership architecture. At facility level, UNIDO and BFA Global will maintain regular coordination meetings to review progress, outreach, pipeline quality, operational issues, risks, safeguards matters, grant implementation readiness, monitoring requirements and learning priorities. These coordination arrangements are intended to ensure that technical, fiduciary and communication decisions remain aligned across Components 1, 2 and 3.

Decision-making on SME selection will follow a staged process designed to balance quality, transparency and execution feasibility. BFA Global will lead pipeline development, application screening, due diligence and recommendation of candidate SMEs, while UNIDO will provide oversight on alignment with the facility's adaptation objective, safeguards requirements, inclusion commitments and overall portfolio logic. Final approval arrangements for grants and support packages will be documented through the agreed selection and grant governance process, including the evidence required at each stage and the respective roles of technical, operational and fiduciary reviewers.

Monitoring, evaluation and learning-related decision-making will also require coordinated governance. BFA Global will generate implementation-level evidence from Ignite and Propel, including SME progress, milestone achievement, user traction and operational lessons. UNIDO will consolidate these insights at facility level, connect them to Component 3 knowledge products and AFCIA-wide learning processes, and help ensure that lessons from early cohorts inform subsequent outreach, selection, support design and ecosystem engagement.

ASIF will also coordinate with AFCIA structures where relevant, particularly on communications alignment, shared learning, and contribution to the wider AFCIA evidence base on climate adaptation innovation. This is important because ASIF is both a distinct

facility and part of a broader multi-entity AFCIA architecture. Coordination with AFCIA helps position ASIF within that wider portfolio while preserving clarity on the specific roles of UNIDO and BFA Global in delivering ASIF.

#### 5.4 SME pipeline operations and delivery logic

The inception phase also clarified how the ASIF SME pipeline is expected to function operationally. ASIF will use a funnel approach that begins with pipeline sourcing and outreach, proceeds through screening and due diligence, and culminates in selection, support delivery and learning capture. Pipeline sourcing will draw on BFA Global and UNIDO networks, targeted outreach campaigns, referrals from entrepreneur support organizations and ecosystem partners, webinar follow-up, mailing-list engagement, and coordination with relevant AFCIA and adaptation innovation stakeholders. This is intended to ensure that ASIF reaches a broad but relevant pool of adaptation SMEs across the targeted regions.

For Ignite, the pipeline is expected to identify early-stage SMEs with a product idea or prototype that still requires validation with real users. Screening will focus on adaptation relevance, problem-solution fit, team capability, user need, feasibility, and the extent to which structured acceleration support could help the SME strengthen its model and validate its offering. For Propel, the funnel will focus on more mature SMEs that already have a product in market and a credible pathway to scaling adaptation impact. Screening and due diligence will therefore go deeper into business performance, implementation readiness, adaptation logic, user uptake, milestone feasibility, and capacity to absorb grant and venture-building support.

Across both tracks, the process is expected to move from initial outreach and application intake to screening, deeper assessment or due diligence, and then committee-based review and selection. The purpose of this staged process is to improve selection quality, make expectations clearer to applicants, and ensure that support is directed to SMEs with a realistic pathway to adaptation impact and implementation progress within the facility period.

Partner roles within this pipeline are complementary. BFA Global will play the lead implementation role in sourcing, screening, due diligence and support delivery for Ignite and Propel. UNIDO will provide strategic oversight, ensure alignment with the facility objective and Adaptation Fund requirements, and connect operational decisions to cross-cutting issues such as safeguards, accountability, communications and learning. Component 3 will then translate implementation experience from Components 1 and 2 into evidence, communication outputs, investor-facing insights and ecosystem-level learning products.

The pipeline is therefore not intended only as an enterprise support mechanism, but also as a structured way of generating practical evidence on what types of SMEs, business models

and support packages are most effective in delivering adaptation outcomes for vulnerable communities. This is a critical aspect of ASIF's design as a facility that combines direct SME support with wider ecosystem and learning objectives.

### 5.5 End beneficiaries and community-level results pathway

Throughout the inception phase, UNIDO and BFA Global reaffirmed that SMEs are the direct recipients of ASIF support, but not the ultimate end beneficiaries of the facility. The end beneficiaries are the vulnerable communities, households, producers, workers and local market actors who are expected to benefit from the adaptation solutions that supported SMEs develop, validate, deploy and scale.

This distinction is important to ASIF's results logic. SMEs are supported because they can act as delivery channels for adaptation technologies, products and services that address locally experienced climate risks. Depending on the business model, end beneficiaries may include smallholder farmers, fishers, informal workers, women entrepreneurs, low-income households, climate-vulnerable urban residents, and other groups facing climate-related stress. The intended adaptation benefits may include improved resilience of livelihoods, better access to climate-relevant services, stronger risk management capacity, reduced vulnerability to climate shocks, and improved ability to anticipate, absorb or respond to changing climate conditions.

For this reason, ASIF's selection, monitoring and learning approaches will not assess SMEs only in terms of commercial performance or innovation novelty. They will also consider whether the SME's solution has a credible pathway to reaching vulnerable communities and generating practical adaptation benefits. This will remain central to pipeline screening, milestone design, impact tracking and learning capture across the facility.

The inception workshop materials and presentations reinforced this community-level orientation by repeatedly positioning ASIF as a facility that supports SMEs in order to strengthen the resilience and adaptive capacity of vulnerable communities. Going forward, this link between enterprise support and community-level adaptation outcomes will need to remain explicit in ASIF's communications, selection processes, monitoring system and knowledge products.

### 5.6 Communications, outreach and learning

Given ASIF's global scope, the inception phase also confirmed the need for a structured communications, outreach and learning approach to support visibility, stakeholder engagement, pipeline development and lesson-sharing across regions and target groups.

Communications and outreach will serve several complementary purposes. First, they will

build visibility for ASIF as part of the wider AFCIA portfolio and help maintain clear, consistent messaging across the Adaptation Fund, AFCIA coordination mechanism, UNIDO and BFA Global. Second, they will help reach relevant adaptation SMEs across target regions and sectors through digital campaigns, webinars, mailing-list engagement, ecosystem partner referrals, entrepreneur support organizations, investor networks and coordination with AFCIA partners. Third, they will support engagement with broader stakeholders, including investors, mentors, technical experts, accelerators, public institutions and adaptation innovation actors.

Outreach will be closely linked to the ASIF SME pipeline strategy. Communications will not only promote the facility, but also help attract a diverse and relevant applicant pool for Ignite and Propel. Particular attention will be given to reaching women-led SMEs, locally embedded enterprises, youth-led businesses and SMEs operating in markets where adaptation needs are high but access to innovation support remains limited.

The learning function within this section is concerned with capturing, packaging and sharing lessons emerging from implementation so they can inform future ASIF cycles, AFCIA-wide exchange and the broader adaptation innovation ecosystem. It is not primarily about formal performance tracking, but about turning experience into practical knowledge products, case studies, event insights, investor-facing materials and ecosystem-level reflections that can be used by external and internal stakeholders.

Component 3 will translate these lessons into practical outputs that can inform subsequent ASIF cycles, contribute to AFCIA-wide learning, and support the broader adaptation innovation ecosystem. This will include documenting promising solution areas, recurring barriers to SME growth, useful support approaches, stakeholder questions that require clearer communication, and insights that can strengthen investor and ecosystem engagement over time.

Through this approach, ASIF's communications, outreach and learning activities will function as delivery-support mechanisms that help the facility reach the right stakeholders, build a strong and diverse pipeline, maintain visibility, and share emerging lessons in ways that strengthen both implementation and ecosystem engagement.

### **5.7 Monitoring, evaluation, and accountability**

The monitoring, evaluation and accountability framework for ASIF will be implemented in accordance with the approved project document, Adaptation Fund requirements and UNIDO procedures. The inception phase confirmed that the approved results framework remains relevant, while also highlighting the need to operationalize it clearly for a global, multi-partner facility.

Monitoring will focus on whether ASIF is delivering the results it committed to. This includes tracking indicators, milestones, grant performance, support delivery, beneficiary reach, adaptation results pathways, gender and inclusion targets, safeguards compliance, and the quality of evidence generated across Ignite, Propel and Component 3 activities.

A key implementation priority will be to translate the approved results framework into practical tools and templates that can be used consistently by UNIDO, BFA Global and supported SMEs. This will include reporting templates, milestone verification tools, adaptation impact tracking approaches, gender-disaggregated data collection, grant documentation, safeguards follow-up, and methods for substantiating reported results with credible evidence.

Evaluation within ASIF will help assess whether implementation is producing the intended outputs and outcomes, and whether the support model is performing as expected. Accountability will require that progress, risks, deviations and results are documented and reported transparently to the donor and other relevant stakeholders, and that implementation decisions remain aligned with approved commitments, safeguards and inclusion requirements.

Accordingly, evidence generated through monitoring and reporting should support both accountability and management. Insights from implementation may be used to improve future cycles, but the core purpose of this section is to ensure that ASIF can demonstrate progress against commitments, justify grant disbursements and milestone decisions, track reach to intended beneficiaries, and provide a credible basis for donor reporting and oversight.

### **5.8 Refinements arising from the inception phase**

The inception phase confirmed ASIF's core design while also identifying refinements that will improve implementation feasibility, focus and impact. These refinements arise from updated market evidence, practical implementation considerations, the evolution of the adaptation SME ecosystem, and the need to concentrate resources where ASIF can deliver measurable adaptation outcomes within the facility period.

#### **Adjustment to focus areas**

The ASIF project document identifies five eligible solution areas: Food and Agriculture Value Chains, Financial Services, Blue Economy, Urban Adaptation and Resilience, and Health. During the inception phase, UNIDO and BFA Global reviewed the operational implications of supporting all five areas as standalone verticals under the first implementation cycles.

Based on this review, ASIF will concentrate Ignite and Propel resources on four priority areas:

Food and Agriculture Value Chains, Financial Services, Blue Economy, and Urban Adaptation and Resilience. Health will continue to be engaged selectively where it intersects with Financial Services, including climate-health insurance, parametric health financing, and embedded health protection products.

This refinement is justified by three considerations.

First, the four prioritized areas are strongly aligned with common adaptation priorities in developing countries and with the types of SME-led solutions that can generate measurable community-level adaptation benefits within ASIF's implementation timeframe. These areas include solutions that support climate-resilient agriculture, fisheries, water and waste management, urban resilience, climate risk financing, insurance, embedded finance, early warning, and access to adaptation products and services.

Second, the four prioritized areas are better aligned with SME business models that can reach revenue and deployment milestones through farmer, fisher, household, community and micro-enterprise customer channels within the Ignite and Propel support windows. This makes them better suited to ASIF's combination of business growth support, venture-building and milestone-based grants.

Third, standalone health innovation often requires regulatory approvals, clinical or ethics validation, integration with public health procurement systems, and specialized institutional partnerships. These processes may be essential for health impact, but they often extend beyond ASIF's support period and are not the primary constraints that the facility is designed to address. By engaging health through financial services and embedded protection products, ASIF can still contribute to climate-health resilience where the pathway to adaptation impact is clearer and more operationally feasible.

### **Practical use of AI-enabled tools to strengthen SME support**

The inception phase also confirmed the relevance of helping adaptation SMEs make practical use of AI-enabled tools where these can strengthen business operations, improve service delivery, support user engagement, or enhance the ability of SMEs to understand and respond to climate risks.

This does not represent a shift in ASIF's focus toward AI solutions. ASIF will remain focused on supporting SMEs that develop and deploy climate adaptation technologies, products and services for vulnerable communities. AI will be treated only as an enabling tool that may help selected SMEs strengthen the effectiveness, efficiency and scalability of their adaptation solutions.

For example, AI-enabled tools may support customer segmentation, market analysis,

climate-risk interpretation, user research, vernacular communication, remote monitoring, operational planning, and data-driven decision-making. These capabilities may be particularly useful for SMEs operating in resource-constrained markets, where reaching vulnerable users at scale often requires low-cost, flexible and data-informed delivery models.

Under Ignite, relevant AI-enabled tools may be introduced as part of broader business growth support, where they can help SMEs refine their business models, better understand user needs, strengthen product development, or improve operational systems. Under Propel, such tools may be considered as part of tailored venture-building support, where they can help SMEs improve deployment, monitor progress against milestones, strengthen customer engagement, or prepare for scale.

The use of AI-enabled tools will therefore be considered on a case-by-case basis, based on relevance to the SME's adaptation solution and business needs. SMEs will continue to be assessed primarily on adaptation relevance, user need, inclusion, feasibility, business readiness, environmental and social safeguards compliance, and potential to benefit vulnerable communities.

### **Propel cohort range and support package**

The approved project document envisages support to at least 32 SMEs under Propel, with a package of USD 130,000 per SME composed of USD 90,000 in performance-based grant financing and USD 40,000 in venture-building support.

During the inception phase, BFA Global and UNIDO reviewed this structure in light of inflation since the project document was developed, the cost of specialist technical assistance, the intention to make relevant digital and AI-enabled tools available as part of tailored SME support, and the need to maintain high selection standards. As a result, ASIF will update the Propel cohort range to 30–32 SMEs, while maintaining the overall per-SME package value of USD 130,000. The revised package will include USD 80,000 in performance-based grant financing and USD 50,000 in venture-building support. This adjustment enables more specialized and higher-quality support to each selected SME while preserving a substantial grant component linked to agreed milestones.

The cohort range of 30–32 SMEs provides flexibility to prioritize quality and alignment with facility criteria. This is especially important given the need to ensure that selected SMEs can make effective use of tailored technical assistance, including digital or AI-enabled tools where relevant. A rigid fixed quota could create pressure to select SMEs that are less well aligned with ASIF's adaptation impact, readiness and implementation criteria. A range allows the selection committee to maintain standards while still achieving the facility's impact and inclusion ambitions.

At the lower bound of 30 SMEs, ASIF can still reach its overall beneficiary ambition through a higher average beneficiary reach per SME, while maintaining targets related to women-led SMEs, women in leadership teams, and products or services targeting women.

## 6. Cross-Cutting Elements

### 6.1 Gender equality and social inclusion

Gender equality and social inclusion remain central to ASIF's implementation approach. The approved project design recognizes that women are among those most affected by climate change due to unequal access to assets, finance, networks, information, decision-making structures and economic opportunities. At the same time, women entrepreneurs and women-led SMEs can play an important role in developing and delivering locally relevant adaptation solutions.

The inception phase reaffirmed the importance of operationalizing ASIF's gender commitments from the beginning of implementation. This includes integrating gender considerations into outreach, selection criteria, SME support design, monitoring and knowledge management.

The registration process for the inception workshop included optional gender and age-bracket fields to support inclusion tracking. Among participants who provided demographic information, the webinar achieved a broadly balanced gender profile. This provides a useful starting point for ASIF's stakeholder engagement, while also highlighting the need to maintain intentional outreach to women-led SMEs, women in leadership teams, youth entrepreneurs and locally embedded enterprises.

During implementation, ASIF will continue to pursue the project's gender-related targets, including the aim that at least 35 per cent of supported SMEs are women-led, at least 40 per cent include women in leadership teams, and at least 25 per cent offer products or services that target women. Gender considerations will also be incorporated into technical assistance, venture-building, knowledge products and monitoring systems.

Specific measures will include:

- targeted outreach to women-led and youth-led SMEs
- gender-responsive application and selection processes
- collection of sex-disaggregated data where relevant
- assessment of whether supported solutions benefit women and vulnerable groups
- attention to women's participation in leadership and decision-making within

- supported SMEs
- integration of gender considerations into knowledge products and learning outputs
- review of potential gender bias in selection, mentoring and investor engagement processes.

Overall, the inception phase confirmed that gender equality and inclusion are not separate from ASIF's adaptation objective, but integral to ensuring that SME-led adaptation solutions reach and benefit vulnerable communities effectively.

## 6.2 Environmental and social safeguards

ASIF will be implemented in accordance with the Adaptation Fund's Environmental and Social Policy and UNIDO's Environmental and Social Safeguards Policies and Procedures. The approved project design anticipates that ASIF is likely to have minimal or no adverse environmental and social impacts at the facility level, but recognizes that individual SME-supported activities must be screened carefully.

The inception phase confirmed the continued relevance of the safeguards approach described in the approved project document. Because ASIF will support multiple SMEs across different geographies, sectors and solution types, the main safeguard requirement is to ensure that each supported SME and sub-project is screened before support is confirmed and monitored during implementation.

ASIF will apply the Climate Adaptation Impact Hypothesis and associated screening tools to assess adaptation relevance, potential environmental and social risks, and maladaptation risks. The screening approach will be aligned with the Adaptation Fund's environmental and social principles and will include consideration of issues such as compliance with the law, access and equity, marginalized and vulnerable groups, human rights, gender equity and women's empowerment, core labour rights, indigenous peoples, involuntary resettlement, protection of natural habitats, conservation of biological diversity, climate change, pollution prevention and resource efficiency, and public health.

Where risks are identified, additional information, mitigation measures or monitoring requirements may be requested from applicants. Exclusion criteria will be applied to ensure that ASIF does not support activities that are inconsistent with Adaptation Fund or UNIDO safeguards requirements.

ASIF will also maintain a grievance management process. Stakeholders directly engaged in ASIF activities, including selected SMEs, investors, funders and ecosystem enablers, will be able to raise grievances through their ASIF focal points or directly with the Project Management Unit. Written grievances may also be submitted through designated communication channels. Grievances will be logged, assigned, assessed and addressed in

accordance with the process described in the project documentation.

### 6.3 Risk management

The inception phase did not identify risks that fundamentally alter the approved risk profile of ASIF. However, it did clarify several implementation risks that require active management during early delivery. To strengthen operational follow-up, the risk management approach will combine regular risk review with concrete mitigation measures, designated responsibilities and early warning indicators.

Risk area	Mitigation actions	Responsible actors	Early warning indicators
Financial management and cash-flow risk	Finalize and implement the IPA amendment, apply the quarterly advance and reimbursement model, maintain clear documentation and reporting calendars, and review cash-flow implications jointly on a regular basis	UNIDO, BFA Global	Delays in report submission or clearance, lag between expenditure and reimbursement, unresolved questions on designated account procedures
Application quality and pipeline risk	Implement targeted outreach, use UNIDO and BFA Global networks, work with ecosystem partners and entrepreneur support organizations, and refine communication materials to explain eligibility and value proposition clearly	BFA Global, UNIDO	Low volume of eligible applications, concentration of applicants in few geographies or sectors, repeated stakeholder confusion on eligibility or track distinctions
Selection quality and implementation fit risk	Apply staged screening and due diligence, use committee-based review, maintain flexibility through the 30-32 Propel cohort range, and document selection rationale against adaptation, readiness and safeguards criteria	BFA Global, UNIDO	Large drop-off between screening and due diligence, weak alignment of shortlisted SMEs with adaptation objective, pressure to fill quotas despite quality concerns
Adaptation impact verification risk	Operationalize the Climate Adaptation Impact Hypothesis, define milestone and reporting templates early, capture evidence on end beneficiaries, and use learning reviews to refine indicators and verification approaches	UNIDO, BFA Global, supported SMEs	Inconsistent reporting on end beneficiaries, difficulty evidencing adaptation pathways, repeated need to revise milestones after support begins
Environmental and social safeguards risk	Apply screening and exclusion criteria before support decisions, request mitigation measures where needed, monitor safeguards	UNIDO, BFA Global	Applicants triggering repeated safeguards concerns, missing mitigation plans, grievances or compliance issues emerging

	compliance during implementation, and maintain accessible grievance channels		during support delivery
Gender and inclusion risk	Implement targeted outreach, integrate gender-responsive criteria and tracking into selection and monitoring, and review whether communication channels are reaching women-led and locally embedded enterprises effectively	UNIDO, BFA Global	Low representation of women-led SMEs in pipeline or shortlist, weak uptake from underserved regions or founder groups, limited gender-disaggregated data availability
Coordination and communication risk	Maintain regular coordination meetings, clarify responsibilities, document operational decisions, align communication messages across partners, and use periodic learning reviews to address recurring issues	UNIDO, BFA Global, relevant AFCIA counterparts	Conflicting external messages, repeated operational misunderstandings, unresolved actions across meetings, delays in decisions affecting implementation timelines

## 7. Next Steps

The following immediate next steps will support the transition from inception to full implementation.

	Action	Responsible entity	Timeline
1	Finalize IPA amendment, including quarterly advance and reimbursement model, reporting requirements and arrangements for Propel pass-through grants.	UNIDO, BFA Global	June 2026
2	Finalize detailed Year 1 workplan and quarterly budget breakdown, aligned with ASIF components, outputs and activities.	BFA Global, UNIDO	Q2 2026
3	Submit for donor approval a revised five-year workplan, budget and disbursement schedule aligned with the confirmed project duration and implementation continuity needs.	UNIDO	Q2 2026
4	Finalize Ignite call design, including eligibility criteria, application materials, selection process, outreach plan and communication package.	BFA Global	May–June 2026
5	Launch first Ignite call for applications.	BFA Global	June 2026
6	Finalize Propel operational design, including selection criteria, milestone structure, grant disbursement arrangements, venture-building package and use of digital and AI-enabled tools where relevant.	BFA Global	Q2–Q3 2026

7	Prepare first Propel call for applications.	BFA Global	Q3 2026
8	Prepare second Ignite call for applications	BFA Global	Q3 2026
9	Finalize the ASIF learning agenda	UNIDO	Q3 2026
10	Finalize environmental and social safeguards screening tools, exclusion criteria, maladaptation screening and grievance management arrangements for SME support.	UNIDO, BFA Global	Q2 2026
11	Finalize gender and inclusion tracking approach, including data collection fields, targets and reporting templates.	UNIDO	Q2 2026
12	Finalize and operationalize monitoring, reporting and milestone verification templates for Ignite, Propel and Component 3.	UNIDO	Q2–Q3 2026
13	Prepare post-webinar follow-up communication, including responses to unanswered Q&A, recording link and call timeline updates.	BFA Global, UNIDO	Q2 2026
14	Establish ASIF stakeholder mailing list, communications and outreach rhythm, and a simple digest or newsletter format to support visibility, stakeholder engagement, market outreach and learning dissemination across regions.	BFA Global, UNIDO	Q2 2026

## 8. Annexes

### 8.1 Link to inception workshop agenda & speaker brief



## 8.2 Link to inception workshop presentation slides



## 8.3 Photo from the inception workshop



ASIF inception workshop speakers

\*Participant list and registration summary of the Inception Workshop may be made available upon request.