

Supplement

Adaptation Financing

Climate Investment
Planning and Mobilization
Framework

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About the Supplements

The thematic supplements build upon the Climate Investment Planning and Mobilization Framework (CIPMF) by providing targeted guidance, best practices, success stories, and resources tailored to specific investment planning contexts.

The Adaptation Investment Planning Supplement is designed for decision-makers and practitioners—particularly at the national level—who are working to implement Nationally Determined Contribution (NDC) targets by identifying, prioritizing, and mobilizing investments for climate adaptation. It also serves as a resource for those updating their NDCs, helping them incorporate or strengthen financeable adaptation commitments and ensure alignment with national climate and development strategies.

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Acronyms

ADB	Asian Development Bank	MRV	Monitoring, reporting, and verification
CCFAH	Commonwealth Climate Finance Access Hub	NAP	National Adaptation Plan
CIPMF	Climate Investment Planning and Mobilization Framework	NDC	Nationally Determined Contribution
CNA	Capacity needs assessment	NGO	Nongovernmental
EDA	Enhanced direct access	NIE	National implementing entity
GCF	Green Climate Fund	PIM	Public investment management
IT	Information technology	PDU	Project development unit
KM	Knowledge management	RBM	Results-based management
LLA	Locally led adaptation	TA	Technical assistance
LT-LEDS	Long-Term Low Emission Development Strategy	TNA	Technology needs assessment
M&E	Monitoring and evaluation	UNFCCC	United Nations Framework Convention on Climate Change
MDB	Multilateral development bank		

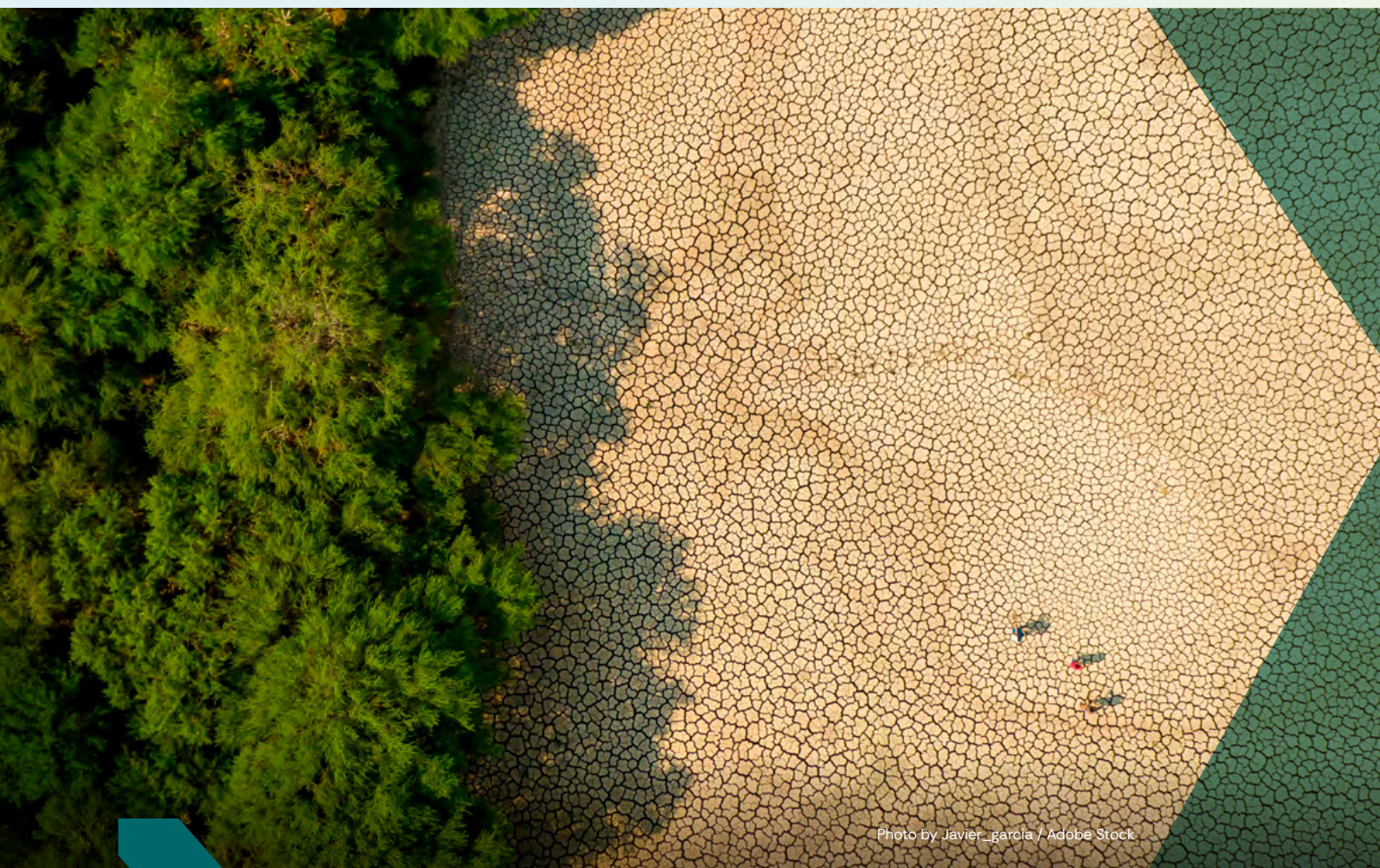


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Introduction

Urgency of Adaptation Finance and the Need for Transitioning From Planning to Implementation

For developing countries, adaptation is an urgent priority as climate risks intensify and the consequences of inaction become more severe. Financing for adaptation needs to increase substantially to meet the challenge. An estimated USD 2.3–2.5 trillion¹ in adaptation investment is required annually for developing countries (excluding China) to meet their

2030 climate goals, yet only USD 76 billion² was invested in adaptation efforts globally in 2022.

To mobilize public and private investment, countries are taking steps to translate the strategic priorities outlined in their National Adaptation Plans (NAPs) and Nationally Determined Contributions (NDCs) into concrete investment plans. While NAPs and NDCs articulate countries' adaptation commitments and goals, investment plans—

1. Bhattacharya, A., Songwe, V., & Nicholas S. (2024). [Raising ambition and accelerating delivery of climate finance: Third report of the independent high-level expert group on climate finance executive summary](#).

2. Brown, J. (2024, November 12). [An urgent moment for investing in climate adaptation and resilience](#).

supported by financing strategies, institutional mechanisms, and bankable projects—are essential to operationalize these commitments and help close the gap in adaptation finance.

Significant systemic challenges continue to impede comprehensive and effective investment planning in developing countries, particularly those most vulnerable to climate change. These challenges include institutional bottlenecks, such as complex eligibility requirements, lengthy approval processes, and restrictive accreditation systems.

Other central impediments to adaptation financing include:

- **Private sector involvement in adaptation finance remains limited:** Adaptation initiatives are generally perceived as high risk due to uncertain returns and the absence of established business models. As such, they rely heavily on public sector funding. The lack of clear financial incentives and appropriate investment vehicles remains a major barrier to unlocking private sector potential in adaptation.
- **There is fragmentation of planning and investment strategies:** Adaptation initiatives are frequently developed in isolation from broader national development frameworks, sectoral investment plans, and fiscal policies. This disconnect leads to duplication of efforts, inefficiencies, and missed opportunities to align adaptation finance with broader public investment strategies. Furthermore, this fragmentation prevents the effective leveraging of co-financing and international partnerships, which could significantly enhance the impact and scale of adaptation projects.

- **The institutional and technical capacity of governments also limits their ability to absorb and manage adaptation finance effectively:** Many national and subnational institutions lack the necessary expertise, systems, and governance structures to develop bankable adaptation projects, structure complex financing arrangements, or monitor and evaluate the implementation of climate resilience initiatives. These capacity gaps severely hinder the readiness of adaptation project pipelines, making it challenging to scale investments to match the growing urgency of climate risks. Without strong institutional frameworks and technical capacities, countries are unable to effectively mobilize and deploy the finance needed for large-scale adaptation efforts.

To help countries navigate the unique challenges and processes to plan for and mobilize adaptation finance adaptation, the Adaptation Fund, the Asian Development Bank (ADB), the Commonwealth Secretariat, and the NDC Partnership Support Unit developed this Adaptation Supplement, building from the Climate Investment Planning and Mobilization Framework (CIPMF) jointly developed by the NDC Partnership and the Green Climate Fund (GCF).

Role of the CIPMF in Guiding Adaptation Financing

The CIPMF provides a structured and comprehensive pathway for countries to transform their climate and development priorities into actionable investments. By promoting programmatic and coordinated planning, the CIPMF plays a vital role in the effective mobilization of both public and private finance. It establishes a common language for all stakeholders involved, ensuring clarity and alignment throughout the process.

Structured across six stages, the CIPMF provides governments with a systematic approach to prioritize, design, and finance climate investments. It helps countries align their national development and climate goals with suitable financing sources, ranging from domestic budgets and multilateral climate funds to private and blended finance. While the CIPMF is a comprehensive tool applicable across both mitigation and adaptation, its full potential in guiding countries through the unique challenges of adaptation finance—such as long project horizons, uncertainty in climate impacts, and limited private sector engagement—requires further elaboration and support.

This adaptation finance supplement complements the CIPMF by addressing these adaptation-specific needs and opportunities. It provides practical tools and tailored guidance to help countries strengthen the design, structuring, and financing of adaptation investments. It offers concrete approaches to build institutional capacity, enhance coordination, and translate adaptation priorities—often articulated in NAPs or NDCs—into bankable and implementable projects. Each contribution brings a unique lens: The Commonwealth Secretariat emphasizes institutional readiness and national systems; ADB shares experience in investment planning processes; and the Adaptation Fund explores strategies for catalyzing funding at scale. Collectively, these contributions reinforce and enrich the CIPMF with targeted insights that ensure adaptation priorities are more effectively programmed, financed, and delivered.

This supplement contains three chapters:

1. ADB: Turning Climate Adaptation Plans into Action: A Roadmap for Adaptation Investment

Chapter 1 serves as a point-by-point guide to the process of adaptation investment planning. From high-level concepts, such as determining the rationale for adaptation investment planning, to more practical considerations, such as selecting appropriate finance instruments for on-the-ground implementation, this contribution provides a comprehensive roadmap for investment planning practitioners in countries which seek to fully mainstream and integrate adaptation priorities into national development strategies. This chapter links to the CIPMF: Stage 1, Stage 2, and Stage 3.

2. Adaptation Fund: Catalyzing Adaptation Action: Financing, Scaling, and Localizing Climate Investments

Chapter 2 is an in-depth discussion about implementation and catalyzing adaptation investments by identifying investment opportunities and solutions that are effective, scalable, replicable, and, where appropriate, context-specific. It includes a detailed look at capacity building and other best practices designed to maximize impact and inform future investments and investment planning. This chapter links to the CIPMF: Stage 4, Stage 5, and Stage 6.

3. Commonwealth Secretariat: Empowering Action: Building Capacity for Adaptation Investment and Climate Finance Mobilization

Chapter 3 focuses on developing and strengthening human and institutional capacities to ensure effective adaptation investment planning—an “ecosystem” that supports all stages of adaptation finance, from resource mobilization to planning to implementation. As monetary resources scale to meet adaptation needs, countries must have the ability to “program” the investments to smoothly build long-term financial sustainability and adaptation efficacy. This chapter links to the CIPMF: Stage 1 and Stage 2.

This supplement provides practical tools and tailored guidance to help countries strengthen the design, structuring, and financing of adaptation investments—offering concrete approaches to build institutional capacity, enhance coordination, and translate adaptation priorities into bankable and implementable projects.

FIGURE 1 The Climate Investment Planning and Mobilization Framework

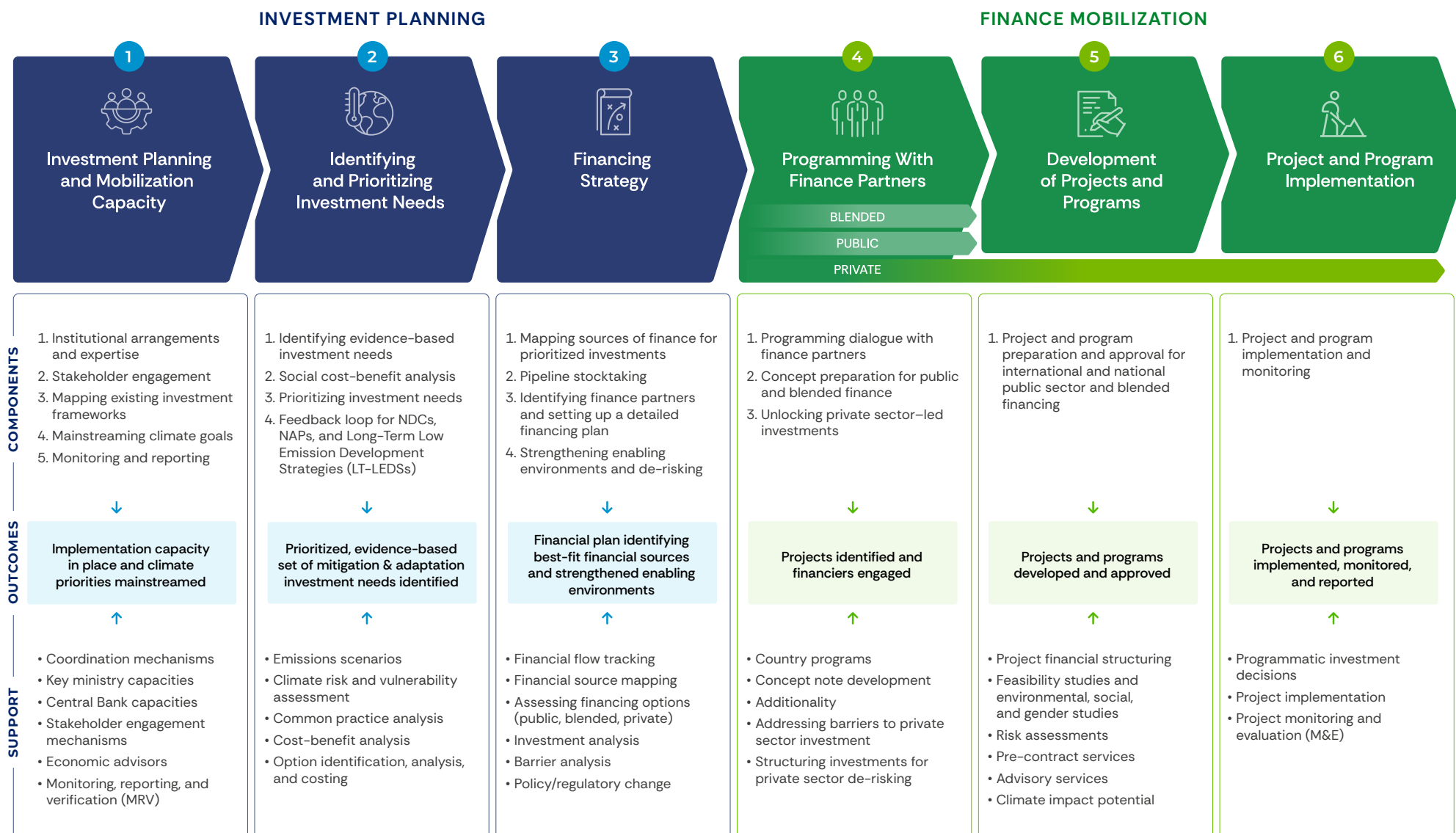




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Chapter 1

Turning Climate Adaptation Plans into Action:

A Roadmap for Adaptation Investment

ADB

This chapter, drafted by ADB, offers a step-by-step guide to adaptation investment planning. It outlines 18 key actions to help translate NAP and NDC priorities into investment-ready packages. It covers essential elements, such as coordination, climate risk analysis, prioritization, financing, and enabling conditions for mobilizing adaptation finance.

Introduction

Many developing countries have developed their NAPs or equivalent adaptation priorities in their NDCs. These are the results of a strategic planning process—primarily led by ministries of environment and climate change and in partnership with relevant national ministries and stakeholders—to identify short-, medium-, and long-term adaptation actions and needs. However, while these plans identify national priorities and often include estimates of the costs of adaptation measures, they are not investment ready (i.e., they rarely provide the necessary level of detail needed for financing, and they do not identify specific funding and financing options). With the increase in climate change rapidly outpacing the implementation of adaptation measures, it is critical for developing countries to rapidly mobilize large-scale and programmatic financing for adaptation. Adaptation investment planning can fill this gap and help developing countries move strategically to the implementation of their national adaptation priorities. This chapter is developed to illustrate the CIPMF, developed by the NDC Partnership and the GCF, and provides initial guidance on the investment planning process. Drafted by ADB, the chapter is based on its ongoing experiences in supporting its developing member countries pursuing adaptation investment planning.

Effective adaptation investment planning demands a coordinated process that aligns adaptation needs with national development objectives, institutional mandates, and financial systems.

Aligning Policy, Risk, and Institutions for Strategic Adaptation Investments

Effective adaptation investment planning requires more than identifying climate priorities—it demands a deliberate and coordinated process that aligns adaptation needs with national development objectives, institutional mandates, and financial systems. This chapter outlines the key steps and enabling conditions needed to develop a well-defined, scalable pipeline of adaptation investments. It highlights the importance of embedding adaptation planning within medium-term development and budgetary processes, fostering multilevel institutional coordination, and grounding decisions in policy relevance and sectoral priorities. By shifting from isolated project design to a systematic, policy-first approach, countries can build institutional ownership, strengthen coherence across sectors and stakeholders, and create a strong foundation for financing and implementing transformative climate adaptation actions.

1. **Adaptation investment planning as a process:** The climate adaptation investment planning process is designed to generate a well-defined set of adaptation investments that align to the goals and targets of the NAP. The process is also designed to identify policy and institutional reforms that can overcome the barriers to adaptation and help uptake at scale, for both the public and private sectors. Adaptation investment planning is not a standalone process but is embedded within wider medium-term development planning (e.g., five-year plans)

and expenditure and budgeting processes—helping to both prioritize and integrate adaptation. This focus on the “planning process,” instead of an “investment plan,” helps countries move beyond isolated adaptation projects and identify and deliver adaptation needs at the system level. The adaptation investment planning process is part of the broader NAP process and should be periodically updated based on lessons from implementation and in line with the continuous cycle of development planning.³

2. Institutional arrangements for the adaptation investment planning process: The adaptation investment planning process needs to be undertaken by (i) respective national agencies responsible for sectoral development, especially for areas that are identified as a priority for adaptation (e.g., agriculture, water, and health) noting these will vary with the country’s climate risk context, as well as the national agencies responsible for planning and financing, and (ii) subnational authorities (e.g., provincial, district, and local) based on the level of decentralization in a country. The coordination between national planning and financing, sectoral, and subnational levels ensures that adaptation investment planning processes align with—and contribute to—national, sectoral, and subnational goals and targets, and include the relevant and mandated organizations across government. (See CIPMF, Stage 1, Component 1.)

3. Collaboration and coordination are at the heart of the process: The climate adaptation investment planning process requires close collaboration and co-design across various government agencies and with other stakeholders. The process for a sectoral investment plan (e.g., agriculture) must be led by the respective sectoral ministry (e.g., ministry of agriculture) to ensure ownership. This supports alignment and integration with other sectoral development and investment plans and maximizes opportunities for leveraging domestic and development finance. There needs to be close collaboration with central ministries of planning and finance to ensure alignment and integration of adaptation investments with medium-term and annual planning, as well as expenditure and fiscal frameworks and public investment management (PIM) processes. The leading sectoral ministry needs to collaborate with other relevant sectors to capture interacting and cascading risks and deliver coordinated actions, noting responsibilities to manage risks or deliver adaptation actions may lie in other sectors. They also need to closely engage with ministries of environment and climate change as the focal point for NAPs and processes related to the United Nations Framework Convention on Climate Change (UNFCCC). This can ensure that different sectors’ adaptation investment plans add up and deliver the overall targets and objectives of the NAP. Engagement with wider stakeholders such as civil society organizations, the domestic private sector, bilateral development partners, international financial institutions, and climate funds is important. A multistakeholder process can help ensure a coherent process at all levels. (See CIPMF, Stage 1, Component 1.)

³ The NAP process is a strategic process that enables countries to identify and address their short-, medium-, and long-term priorities for adapting to climate change. The process involves putting in place the systems and capacities needed to make adaptation an integral part of a country’s development planning and budgeting with the ultimate objective to achieve climate resilient development. For more information, see the NAP global network’s [primer](#) and [FAQ](#) on the NAP process.

The adaptation investment planning process does not start with the science and climate model projections. It uses a policy-first approach.

4. Set out the context and objectives and focus on adaptation as the starting point:

The adaptation investment planning process does not start with the science and climate model projections, often termed a science-first approach, because this will focus on technical issues and the longer term. Instead, the investment planning process uses a policy-first approach that starts with structuring the policy context, identifying the relevant information for investment planning and the climate policy landscape, and defining and agreeing the adaptation investment objectives. This helps ensure the approach informs and progresses near-term adaptation investments to address immediate and long-term climate risks. (See CIPMF, Stage 1, Component 4.)

- 5. Establish linkages with sectoral-result areas and performance indicators:** Based on their long-term vision, sectors typically identify key result areas with baselines and targets to be achieved through medium-term plans. This drives the process of identifying priority sectoral investments and programs. For example, the agricultural sector may have identified strengthening food and nutrition security as a key result area. This result area is then translated into relevant targets such as related to crop production, soil management, use of water resources, post-harvest management, etc. These provide an indication of what matters

to the sector (and the ministry) and allow adaptation to “talk to” these key objectives, either directly or by ensuring these objectives can be met under a changing climate. These existing sectoral targets also form the basis for sectoral investment planning and reforms that may be needed. This analysis also forms the context for the subsequent step, as it informs where to focus and what metrics are important for the climate analytics. (See CIPMF, Stage 1, Component 2 and Component 3.)

- 6. Build on existing climate risk assessment with targeted new analysis:** Information on climate risk (hazard, exposure, and vulnerability) and its potential impacts on people, planet, and economy form the evidence base for adaptation investments. Typically, a country will have undertaken a climate risk assessment during the NAP formulation process, which will have informed adaptation priorities. This provides the foundation. However, to develop an adaptation investment plan for a sector, additional sector-specific climate risk information is recommended. The assessment should begin by examining how current climate conditions—including trends, variability, and extreme events—affect the sector’s performance and investment returns. This includes analyzing the impact of climate risks on both current and projected sectoral targets and indicators, building on the earlier policy analysis. Understanding these dynamics is essential for identifying and prioritizing no-regret options—interventions that yield immediate benefits by addressing existing vulnerabilities, regardless of future climate uncertainties.

7. The analysis should then look to the future, considering a range of potential future climate and model scenarios to consider uncertainty:

Alongside this, it should identify the underlying factors (such as socioeconomic conditions, gender norms, and cultural context) that contribute to the increasing exposure and vulnerabilities of the sector. While focusing on a sector, the risk assessment should establish the interdependence of climate risks with other sectors. The assessment should also identify the gendered and distributional impact of climate risk, especially impacts on the poor and vulnerable. (See CIPMF, Stage 2, Component 1.)

8. Understand risk ownership: When understanding the impact of climate risk on sectoral results and targets, it is important to identify who owns the risks (public or private) as this drives the type of actions government should take. For example, if the climate risk is on public infrastructure, then the government would need to invest in adaptation measures. On the other hand, where the climate risk is faced by private entities (e.g., farmers), the government may need to introduce appropriate incentives for the private sector to invest in adaptation. Further, it is important to understand which agency is responsible within the government. For example, risks to crop production and food security will normally sit with the ministry of agriculture, whereas irrigation might sit in a different ministry. (See CIPMF, Stage 2.)



9. Determine the level of mainstreaming:

Based on the risk assessment, it is important to check if current sectoral development strategies are taking account of these risks. For example, this can involve reviewing the current agriculture sectoral development plan and associated sector investment plan to understand how far it integrates climate risk considerations. It is important to assess if (i) investments are being carried out or planned to explicitly address climate risk to achieve sectoral development targets; and (ii) climate risk consideration is being integrated in the design of other development activities—especially activities that have a long lifetime, degree of irreversibility, and where a high level of precaution might be needed. This analysis will identify the level of current adaptation and the gaps. It should be noted that adaptation is not always well defined, and sometimes activities that support adaptation also have other objectives. Thus, a sector may be undertaking activities that help in adaptation but are not necessarily tagged as adaptation. (See CIPMF, Stage 2 and Stage 3, Component 4.)

10. Adopt principles to guide prioritization of adaptation investments:

Most NAPs and NDCs include extensive lists of potential adaptation actions, but effective investment planning requires prioritization. This process should be informed by a clear understanding of climate risks, their interaction with sectoral targets, and the long list of adaptation needs identified in national planning documents. Strategic adaptation investments can be prioritized based on two key principles: (i) materiality, or focusing on the most significant and urgent risks, both now and in the future; and (ii) sequencing, or determining which

actions should be taken first and which can be planned for future cycles. Materiality can be assessed using the outcomes of climate risk assessments and sectoral performance analyses. This introduction then builds on this by recognizing that not all investments need to be made immediately. Some require early action due to the severity of current risks, long asset lifetimes, or lock-in effects, while others can be postponed until risks become more pronounced or clearer. This introduces an important economic and practical perspective: It is neither rational nor feasible to implement all adaptation measures at once. Instead, investment should follow a flexible, adaptive approach that responds to how risks evolve over time. This highlights the value of adaptive management and the use of adaptation pathways, which enable governments to plan across multiple time frames. Taking a forward-looking approach—spanning two or three investment cycles—allows for addressing both current vulnerabilities and evolving future risks. Engaging a wide range of stakeholders throughout this process, particularly the most vulnerable, is critical to ensure investments reflect real needs and build lasting support for their implementation. (See CIPMF Stage 2, Component 3.)

11. Identify options of adaptation investments (urgency):

One way to look at the sequencing of adaptation is to identify options that align with early adaptation priorities. This includes three options of early actions that are urgent to do early on and that can also be justified from an economic perspective. These are: (i) no-regret actions, which involve adaptation investment today that both provide immediate benefits and build resilience into the longer term;

(ii) climate-smart design in near-term decisions with long lifetimes or path dependency (e.g., new infrastructure or new plans) to avoid locking in future high economic costs, especially when these are difficult or costly to reverse later (noting these involve adaptation investment today, but benefits predominantly arise in the future); and (iii) early preparatory adaptation interventions that can be taken to improve future decisions as part of adaptive management (noting these involve a small investment today, but most of the investment and benefits are in the future). While all three options are urgent to do now, the timing of the investments versus the timing of benefits are different. Their benefit and cost streams will therefore look very different. (See CIPMF, Stage 2, Component 3.)

12. Determine the distributional impact of adaptation investments: There is also a need to take account of the potential distributional impact of adaptation investments, building on the distribution of risks as part of climate risk assessment. There is a need to balance the economic attractiveness of adaptation with consideration of who benefits to ensure that packages are equitable. A focus on aggregate costs and benefits alone might prioritize interventions that focus only on those areas or activities that generate significant economic activity, and this might penalize poor and vulnerable households. For example, adaptation actions to reduce flood risk in a city may prioritize activities that protect high-value assets, which typically would belong to high-income population and neglect the areas that are inhabited by the poor informal settlements, thereby increasing the vulnerability of the poor populations. Distributional analysis and

positive weighting for positive distributional interventions should be considered in prioritizing adaptation investments. (See CIPMF, Stage 2, Component 2.)

13. Bundle adaptation priorities into investment packages: At this stage, there should be a set of priorities for investment (“adaptation packages”) that tackle the key risks, noting that each of these packages may involve a mix of activities (e.g., hard and soft actions). These packages should involve immediate and longer-term actions, over successive planning periods, in line with the adaptive management approach. At the detailed project design level, it is possible to apply decision-making under uncertainty methods (e.g., robust decision-making, real options analysis, decision-scaling, and dynamic adaptation pathways). However, these are typically too detailed to be used for initial investment packages, especially at the national level. Nonetheless, the principles of these can be brought to the development of packages. This gives greater weight to robustness (interventions that work well over many different climate futures), flexibility (interventions that allow changes to be made to policies or interventions over time), option value and learning (interventions that undertake early steps to provide the necessary information to scale up later). (See CIPMF, Stage 3, Component 3.)

There is a need to balance the economic attractiveness of adaptation with consideration of who benefits to ensure that packages are equitable.

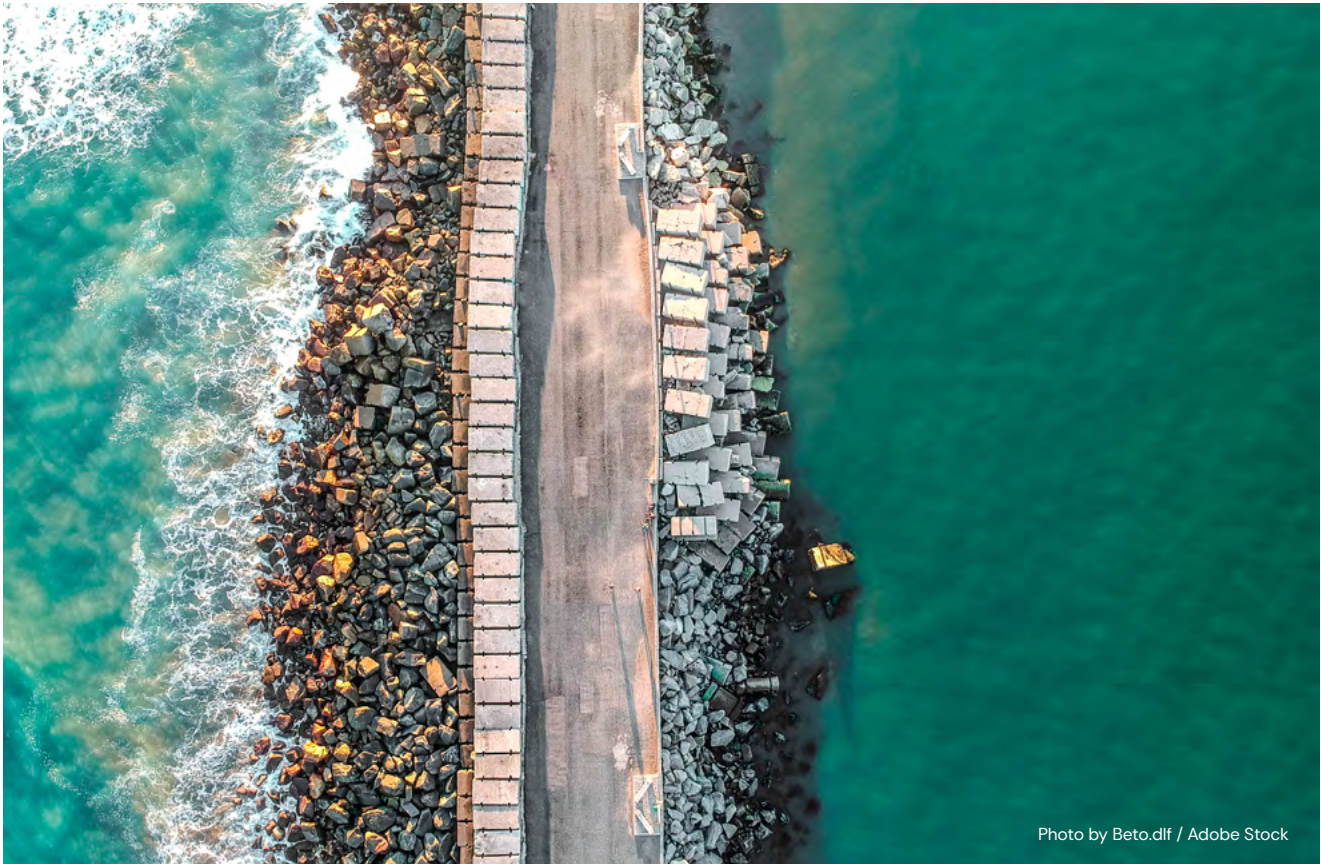


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14. Assess the benefits of adaptation: Most NAPs identify the potential costs of adaptation priorities, but very few set out the specific benefits of adaptation, and none assess these in quantitative terms. However, a key part of the investment planning process is to identify the specific benefits (i.e., are there avoided losses or positive gains) and co-benefits (such as productivity increases or greenhouse gas [GHG] emissions reductions) for the proposed adaptation packages. It also involves an analysis of what type of benefits there are, if they involve monetary or financial benefits (revenues), and who these accrue to. It can also be useful to categorize benefits into (i) economic and societal benefits, (ii) the fiscal implications including potential costs and benefits for spending, and (iii) nonfiscal financial benefits and revenues.

This provides key information for the subsequent step on potential sources of finance and the potential for private and/or blended finance. This analysis can also be used to build the rationale for intervention. It can help to establish or ensure there is a strong case for the public sector to intervene and the type of policy action that might be appropriate (i.e., whether this is through direct intervention, policy reform, or market incentives, etc.) Often, finding a positive economic and financial case for adaptation is more challenging than for standard capital investments, not least because adaptation may focus on avoided losses or increased social expenditure. It is therefore useful to build a more positive case for adaptation based on public finances and macroeconomic and macrofiscal indicators. (See CIPMF, Stage 2, Component 2.)

15. For packages that are likely to require public sector intervention, align to current public appraisal processes, especially those for PIM:

As part of this assessment of benefits, it is important that potential adaptation investments take account of current PIM processes, and, where relevant, are assessed against relevant PIM appraisal criteria. This is especially true when these investments are expected to involve domestic public financing. It may also be valuable to consider the appraisal criteria used by other key sources of financing, such as multilateral development banks (MDBs) and global climate funds. Checking alignment against these criteria may include a light-touch cost-benefit analysis, recognizing that detailed economic and financial appraisal will come later as investment packages are developed and designed. (See CIPMF, Stage 3, Component 1.)

16. Determine the potential financing sources and funding models for the investment packages:⁴

Based on revenue streams (either positive revenues or cost savings) identified for the investment packages, it will be important to identify potential financing sources and funding models for the investment packages. This involves mapping potential sources of finance (public, private, and blended), identifying the actors best placed to implement the adaptation packages, and defining the incentives for these actors to finance and implement adaptation. For example, certain adaptation investments that are public goods or are in nonmarket sectors will need to be financed by the public sector. In some cases, this may be facilitated by the implementation of

taxes or fees (without negative distributional impact) that can help generate public sector revenues to meet the funding needs of the investment. Many of the more transformational adaptation investments will also likely require public sector finance. On the other hand, some of the low-regret solutions provide concrete benefits and might be easier to finance by the private sector—although policy intervention to provide additional incentives for action may be needed. In further cases, public-private partnerships (PPPs) may be relevant. This exercise will help identify where there is potential for the private sector to finance and/or deliver adaptation. It will also help assess the potential for blended finance, which seeks to use public finance to de-risk and unlock private investment. (See CIPMF, Stage 3, Component 1 and Component 3.)

17. Determine appropriate financing instruments for adaptation investments:

After analyzing potential financing sources, it will be important to identify possible financing instruments for adaptation investments and which organizations may be best placed to offer them. These instruments can include debt instruments, grants, equity, and guarantees. This process will help in identifying potential financing institutions (MDBs, global climate funds, bilateral donors, etc.) that can support relevant financing options. The importance of these organizations will vary according to the nature of the different adaptation investment packages. This information forms the basis for developing the financing plan. (See CIPMF, Stage 3.)

4. Financing refers to how to meet the upfront costs of an investment. Funding refers to how it is paid for over its life cycle (including any repayments to upfront finance providers).

18. Strengthening the enabling environment for funding adaptation: A set of reforms might be needed to enable financing and funding of adaptation investments. This includes integrating adaptation considerations into budgetary processes that enables tracking of public investment for adaptation and increases transparency and accountability. Project appraisal criteria used in PIM may need to be adjusted to recognize the uncertainty associated with adaptation benefits and the nonmarket benefits they provide. The use of preferential discount rates can be considered. Revisions of public procurement policy to factor life cycle costing can help in making the case for adaptation investments, since it may require upfront costs and benefits may only be reaped in the future. (See CIPMF, Stage 3, Component 4.)

19. Institutional strengthening: Recognizing the iterative nature of adaptation investment planning, there will be a need to strengthen the policy and institutional set-up to undertake this process periodically and to improve based on lessons learned. This will include enhancing capacity to generate and use data and information to inform decision-making; strengthening skills and capacity of government agencies at the national and local levels; strengthening systems for stakeholder engagement, including engagement with civil society organizations and domestic private sector; and securing high-level political commitment for advancing investments in adaptation. (See CIPMF, Stage 1, Component 1.)

Chapter 2

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Catalyzing Adaptation Action:

From Planning to Financing Locally Led and Scalable Adaptation Action

Adaptation Fund

The following chapter, drafted by the Adaptation Fund, focuses on best practices for catalyzing adaptation investments, drawing from its extensive experience in funding and supporting the design and implementation of locally responsive, scalable, and impactful adaptation projects.

Introduction

With the global temperature increase approaching the 1.5-degree C threshold, as defined in the Paris Agreement, enhancing the mobilization of adaptation finance has never been more urgent. Accelerating adaptation action is no longer an option but a necessity to allow human and natural systems to cope with unprecedented climate impacts. Vulnerable countries and communities in particular face the challenge of transitioning from adaptation investment planning to implementing adaptation actions at scale.

This transition involves identifying adaptation investment priorities based on NDCs and NAPs and securing resources from various funders and sources to implement projects and programs that align with these priorities. The process requires strategic and informed decision-making to match adaptation priorities and needs with available funding sources and windows, considering different eligibility criteria, sectoral focus, funding size, time frames, capacity constraints, and access modalities. This is also an ongoing and iterative process, where the evidence and knowledge from mobilizing and implementing adaptation finance can inform further cycles of adaptation investment planning.

The Adaptation Fund has been a key channel for adaptation finance to developing countries for over 17 years, with adaptation investments in sectors such as water management, food security, agriculture, coastal protection, disaster risk reduction, ecosystem-based adaptation, and urban resilience. Its unique mandate of funding concrete adaptation projects through grant-based resources, with a focus on the most vulnerable people and communities, has made it a global leader in the evolving landscape of adaptation finance.

The Adaptation Fund is enhancing access to adaptation finance by using streamlined application procedures and pioneering new access modalities, such as direct access for national and subnational institutions, fostering country ownership and institutional capacity. The Adaptation Fund also champions locally led adaptation (LLA), ensuring that projects address the specific needs of vulnerable communities through inclusive and participatory processes.

Adaptation investment planning in the context of the Adaptation Fund refers to the strategic process of identifying, prioritizing, and financing effective adaptation projects that enhance climate resilience at the local level, with the potential for scaling up. The objective of this chapter is to provide guidance and lessons on translating adaptation investment plans, such as NDCs and NAPs, into effective programming and implementation (covering Stages 4 to 6 of the CIPMF), drawing on the Adaptation Fund's extensive experience in supporting the programming and implementation of concrete adaptation projects.

This chapter will first provide an overview of Stages 4 to 6 in the context of adaptation and then highlight key themes and best practices related to enabling conditions for accelerating climate adaptation and catalyzing further investments. It also shares relevant resources and tools from the Adaptation Fund to support stakeholders in developing impactful adaptation projects.

Deep Dive Into Adaptation Investment Planning and Implementation

Stages 4 to 6 of the CIPMF are pivotal stages for turning adaptation investment plans into investable and scalable adaptation projects. These stages ensure that priorities identified in NDCs and NAPs are matched with funding opportunities, transformed into high-quality projects, and implemented effectively to deliver measurable results—which can, in turn, inform future adaptation investment plans.

- Stage 4: Programming with various financial partners and project identification:** Stage 4 for adaptation focuses on matching adaptation priorities in NDCs and NAPs with available funding sources and instruments—including national, regional, and international funders—and with a pathway to scaling up and programmatic approaches. This stage also involves considering blended finance solutions to leverage additional resources, involve the private sector, and strengthen the sustainability of projects. The Adaptation Fund supports developing countries in kickstarting the implementation of different adaptation needs through several grant windows that address different enabling factors for accelerating adaptation, including concrete single-country and regional projects, institutional capacity building, knowledge and learning, technology and innovation, scaling up, and locally led approaches. The Adaptation Fund's role is to guide eligible countries in identifying funding opportunities that align with their adaptation priorities and project ideas, ensuring complementarity and coherence with other climate funds and that projects are designed for scale and long-term impact.
- Stage 5: Project proposal development and approval:** For adaptation, Stage 5 involves the development and submission of high-quality project proposals that respond to national adaptation priorities based on projected and experienced climate impacts in the most vulnerable regions, sectors, and populations. Adaptation projects often address context-specific challenges that vary by geography, sector, and local climate impacts. Therefore, the proposal development process must ensure that projects are tailored to the local context, engaging stakeholders and incorporating local knowledge to create effective solutions. Proposals must demonstrate a clear rationale for the adaptation actions, showing how they address the most pressing climate risks and vulnerabilities identified in NDCs and NAPs. The Adaptation Fund provides dedicated financial and technical support, including project preparation grants, as well as guidance through a technical review process, simplified templates, and guidance notes.

The proposal development process must ensure that projects are tailored to the local context, engaging stakeholders and incorporating local knowledge to create effective solutions.

- **Stage 6: Project implementation and**

M&E: Stage 6 focuses on the effective implementation of well-designed adaptation projects, guided by results-based and adaptive management approaches. The Adaptation Fund prioritizes projects that directly benefit vulnerable communities and sectors, ensuring that the interventions are context-specific and responsive to local needs. The Adaptation Fund's results-based management (RBM) requires projects to demonstrate that they meet defined objectives with a strong emphasis on not only tracking outputs but also monitoring the actual impact of projects on vulnerability reduction and resilience enhancement.

Results-based disbursement of funding is combined with adaptive management, allowing projects to adjust and refine their activities in response to monitoring data and evolving climate impacts and adaptation needs. Project implementation should be an iterative process to ensure that adaptation projects remain relevant. Mid-term, final, and ex-post evaluations help assess project performance and impact, providing insights into what works and enabling continuous learning. This learning and evidence are crucial for informing the sustainability of results, the scalability of successful adaptation approaches, and the improvement of future adaptation strategies.



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Key Themes and Best Practices for Catalyzing Adaptation Investments

Building on the overview of Stages 4 to 6, this section focuses on key themes and best practices essential for accelerating adaptation action and mobilizing additional investments. The Adaptation Fund's approach targets key enabling conditions for effective adaptation by addressing existing barriers and leveraging opportunities to accelerate progress. These include funding for institutional capacity building, stakeholder engagement, locally led approaches, innovation and technology, knowledge and learning, and support for scaling up. Strategic investments in these areas are key for enabling the implementation of adaptation plans and strategies. This approach is grounded in the Adaptation Fund's medium-term strategy, which recognizes that overcoming systemic challenges requires coordinated investment in these enabling conditions, creating the foundation for transformative climate adaptation.

1. Direct access and institutional capacity

building: The Adaptation Fund's experience demonstrates that direct access fosters greater accountability, transparency, and sustainability in adaptation projects, while promoting local leadership and solutions tailored to specific contexts. This approach has proven to be an effective model for institutional capacity building, ensuring that adaptation efforts are responsive, scalable, and aligned with national priorities.

2. LLA and stakeholder consultations: In the context of climate adaptation, LLA has emerged as a set of transformative best practices that meaningfully put local-level actors in the driving seat on planning, designing, and executing measures that build adaptive capacity and resilience to climate impacts. Emerging

perspectives suggest that vulnerable groups and local actors can deliver effective adaptation when they are empowered to put into action solutions that address their unique challenges. As recognized in the Principles for LLA, this approach emphasizes devolving decision-making to local actors and communities, ensuring that adaptation actions are aligned with local needs and priorities, building local capacity, enhancing inclusivity, and ensuring long-term sustainability in adaptation interventions.

The Adaptation Fund has been a champion of LLA, promoting this approach by funding several projects in its portfolio and establishing dedicated grants for LLA. These grants allow national institutions to strengthen their project management capabilities and ensure the successful engagement of local actors. The Adaptation Fund's experience in implementing LLA has highlighted several key strategies and lessons learned for applying locally led approaches and overcoming related challenges:

- **Building effective partnerships with local partners and institutions:** Building effective partnerships with local partners and institutions through early capacity assessment is key for tailored support to ensure that partners can meet the specific needs of the project and execute effectively.
- **Building trust through sensitive and collaborative engagement:** A collaborative, co-designing approach with local communities has proven successful in bridging gaps and fostering trust. In contexts where historical mistrust exists, such as border regions, sensitive and respectful approaches are especially important in

empowering vulnerable and marginalized groups to take ownership of adaptation processes.

- **Involving local government for long-term impact:** Involving local governments in project execution is crucial for ensuring that adaptation actions are sustainable beyond project completion. When local authorities are entrusted with key activities, they can develop technical and management capacities, enabling them to lead community-driven adaptation efforts.
- **Overcoming barriers to accessibility:** Geographic and linguistic barriers can limit the effectiveness of locally led actions. Successful projects address these challenges during the planning phase, ensuring that resources are allocated to overcome obstacles, such as using translation services or addressing remote locations.
- **Flexible project management processes:** Flexible and simplified procedures allow local actors to focus on implementation without being burdened by overly complex compliance requirements. Adapting management processes to local realities has helped streamline efforts and increased project success.
- **Sensitizing stakeholders for ownership:** Sensitization on locally led approaches is key to increasing local ownership and ensuring the sustainability of adaptation outcomes. Several case studies demonstrated that sensitizing both local and national actors about the value of LLA increased commitment and led to long-term adaptation results.

- **Promoting institutional growth and leadership:** When national institutions take on key roles in project execution, they are better positioned to assume leadership roles in future adaptation and climate finance initiatives on a larger scale. This strengthens the institutional capacity to lead broader climate resilience programs.
- **Local leaders determining effective communication and decision-making:** Local leaders are well placed to determine appropriate and effective methods for communication and decision-making. Working productively with local partners means establishing clear communication channels and inclusive decision-making processes to ensure effective engagement and relevance of decisions.

Involving local governments in project execution is crucial for ensuring that adaptation actions are sustainable beyond project completion.

3. Knowledge and learning: Knowledge and learning are critical to effective adaptation investment planning and implementation. Adaptation is inherently a learning-driven process, given the unpredictable and evolving nature of climate impacts, vulnerabilities, and resilience building. For adaptation to be sustainable and scalable, knowledge management (KM) should be prioritized throughout the entire project cycle—from design through M&E. The Adaptation Fund embeds knowledge and learning as a core principle in its project design and approval processes and its RBM. It also provides dedicated grants for institutional strengthening for capturing and disseminating learning from completed Adaptation Fund projects as evidence for future interventions.

- **Integrating knowledge and learning into project design:** Knowledge and learning is essential for the success of any adaptation project. By including a KM component in the project design, projects can systematically capture, analyze, and share lessons learned throughout the cycle. This ensures that all relevant data, insights, and vulnerability assessments inform project design and implementation. For the Adaptation Fund, this is integrated directly into the project proposal development process, where proponents must clearly define learning objectives, develop indicators to track progress, and establish frameworks for disseminating insights. This approach ensures that adaptation projects contribute to a growing body of knowledge, benefiting future projects and the broader adaptation community.

Monitoring, evaluation, and adaptive learning:

Adaptation investment planning and implementation require knowledge and learning to be an integral part of the M&E processes. This approach ensures that project experiences are systematically tracked and analyzed, helping to identify which interventions are most effective in addressing local vulnerabilities and how strategies can be refined or scaled. The Adaptation Fund has embedded KM within its RBM framework, guiding implementing entities on how to track and analyze project data and experiences. Key factors for success include adaptive management, which allows projects to evolve based on feedback loops, and the development of learning objectives and indicators that monitor both processes and outcomes over time.

- **Learning beyond the project level:** To maximize the impact of adaptation efforts, knowledge sharing must go beyond individual projects. The Adaptation Fund encourages the dissemination of lessons learned across different projects, sectors, and regions. Vulnerability assessments, collected climate data, and emerging best practices from one project often inform further adaptation strategies, national policies, and similar projects in other regions and countries. Tools and approaches for knowledge sharing include communities of practice, knowledge partnerships, digital platforms, workshops, and community-based communication strategies, ensuring that insights are available to relevant stakeholders.

- **Learning grants:** In addition to embedding KM in the design and execution of Adaptation Fund projects, the Adaptation Fund also provides dedicated learning grants to capture and disseminate lessons after project completion. These grants support national implementing entities (NIEs) in documenting, studying, and sharing generated knowledge and in setting up a KM system with the aim of creating a culture of learning across institutions, countries, and sectors.
- **Building institutional capacity for learning:** All adaptation projects should support institutional capacity building for effective KM, ensuring that local and national institutions can track and apply lessons learned as a basis for developing scalable solutions.

4. Innovation, technology, and the private

sector: Innovation, technology, and private sector engagement are crucial to accelerating adaptation and mobilizing adaptation investments. This approach is closely aligned with the Paris Agreement, which identifies accelerating, encouraging, and enabling innovation as critical for an effective global response to climate change.

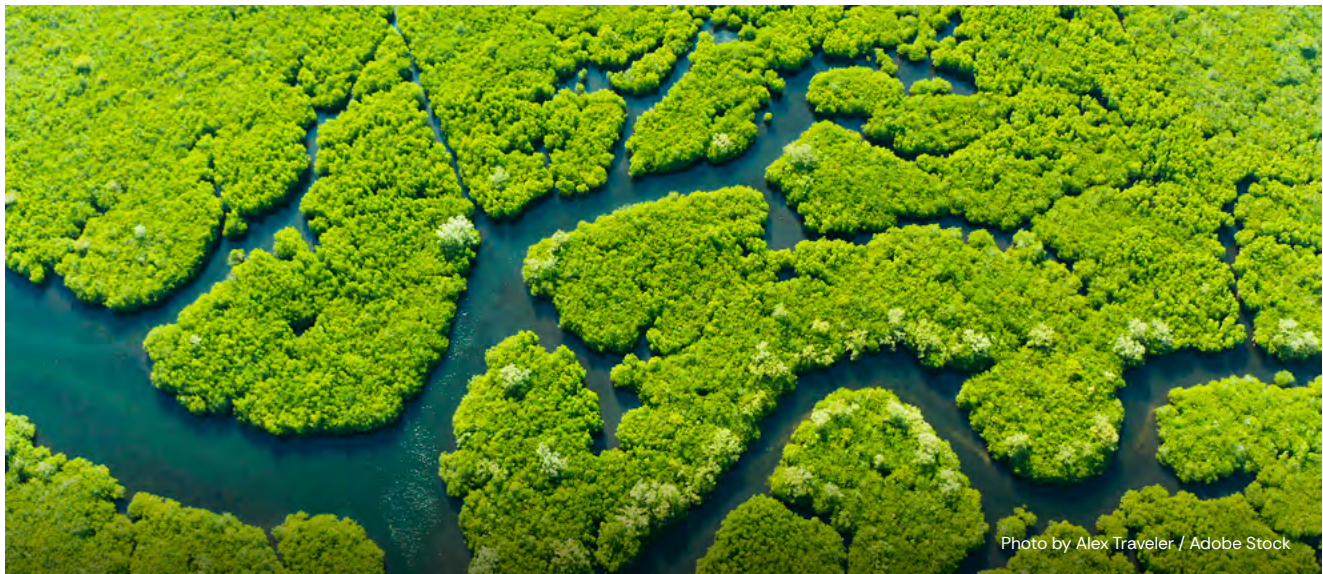
Within the Adaptation Fund's framework, innovation is understood as the creation, testing, deployment, or diffusion of new, adapted, or improved adaptation solutions that strengthen the resilience of vulnerable communities. Supporting innovation in adaptation therefore means fostering learning, experimentation, and iterative development that allow solutions to evolve and take root in diverse contexts. It also requires inclusive partnerships and calculated risk-taking to create the conditions for successful approaches to be replicated and scaled.

Innovation in adaptation includes not only technological solutions but also social, institutional, and financial innovation. These develop new approaches to address the social and structural dimensions of vulnerability—such as inequality, gender inclusion, governance, and access to finance. Such innovations strengthen local institutions, improve coordination and accountability, and ensure that adaptation benefits reach marginalized groups and empower communities.

The Adaptation Fund supports innovation by providing grant-financing for new or improved approaches to adaptation, such as climate-resilient crops, smart water management systems, and early warning systems. In addition, the Fund's Innovation Facility, including the Adaptation Fund Climate Innovation Accelerator (AFCIA), provides dedicated grant funding for the testing, rolling out, and scaling up of innovative adaptation practices. Through this facility, the Fund supports social, technological, institutional, and financial innovations that strengthen local resilience and can later be replicated or expanded by national actors, development partners, or private investors.

By supporting early-stage interventions and calculated risk-taking, the Fund helps demonstrate proof of concept for promising adaptation solutions and open pathways for further investment, including from the private sector.

5. Scaling up adaptation investments: Scaling up is a critical element of successful adaptation investment planning and implementation. Scaling up enables tested and proven solutions to reach scale and impact, increasing their geographical reach, broadening the scope of activities, and ensuring long-term sustainability. Scaling up not only allows for reaching more vulnerable



populations but also ensures that interventions are embedded in national and local strategies for enduring impact. This process begins with demonstrating proof of concept through small-scale pilots, followed by deliberate efforts to expand and replicate these interventions. In the realm of climate finance, mitigation interventions have been scaled up more frequently than those for adaptation.

While scaling can occur organically as successful approaches are replicated over time, it is ultimately a strategic process that requires deliberate planning, financial and institutional support, and stakeholder engagements for adapting successful pilot projects to new contexts. Insights from the Adaptation Fund's study *Scaling up adaptation finance: Experiences and lessons learned from the Adaptation Fund portfolio of projects and programmes* highlight key factors that have enabled projects to scale effectively. When applied, these factors summarized as best practices below, can help maximize the impact of adaptation projects by ensuring financial and operational sustainability. Successful scaling up also catalyzes further investments from multilateral funds, national governments, and the private sector:

- **Planning for scaling up at the design stage as proof of concept:** Experience from the Adaptation Fund's portfolio shows that projects that consider pathways for scaling from the outset—such as institutional arrangements, stakeholder engagement, and financial sustainability—tend to achieve greater long-term impact. Considering scalability early in project design strengthens the enabling environment for replication and sustained results beyond project completion. At the same time, demonstrating proof of concept through early pilot implementation has proven critical in attracting follow-up investment and ensuring the sustainability of adaptation outcomes.
- **Engaging consistent partners and leveraging existing mechanisms:** Successful scale-ups often involve the same stakeholders from the pilot phase—implementing and executing entities, as well as relevant public authorities—ensuring continuity and maximizing lessons learned. Leveraging existing structures, such as governmental, nongovernmental, or community-led organizations, increases efficiency, reduces duplication, and enhances local ownership—facilitating the scaling process.

- **Ensuring financial sustainability and local ownership:** Financially self-sustaining interventions are more likely to be successfully scaled. Projects that generate revenue or are embedded in local economies, while also building capacity for long-term operation, increase the likelihood of lasting impact. Strong local demand and active engagement from stakeholders, including communities and authorities, ensure that the intervention addresses an acute need, fostering ownership and facilitating broader buy-in for scale-up.
- **Fostering replicability and expanding scope:** Successful scale-ups depend on ensuring that the intervention can be replicated in other regions, sectors, or contexts. Scaling efforts should consider the geographical applicability of the solution and its adaptability to different sectors, as well as the potential for broader implementation using innovative financial instruments or models.

The Adaptation Fund plays a key role in scaling up adaptation investments by supporting innovative pilots that demonstrate proof of concept, which can then be replicated and expanded to other regions and contexts. Through its emphasis on direct access and LLA, the Adaptation Fund ensures that adaptation projects are designed with country ownership and the engagement of local communities leveraging existing mechanisms. The Adaptation Fund also helps bridge financing gaps and fosters multistakeholder partnerships, enabling projects to attract additional investments from other climate funds, MDBs, and private sector actors.

Main Takeaways

The implementation of adaptation investment plans is an iterative process that evolves in response to climate impacts and the needs of vulnerable communities. The Adaptation Fund plays a key role in catalyzing adaptation investments by funding solutions that are effective, context-specific, and scalable.

Key best practices for maximizing impact and leveraging finance beyond single interventions include direct access and institutional capacity building; LLA and devolved decision-making; systematic knowledge and learning to inform planning; targeted support for technology and innovation to de-risk investments and attract private sector participation; and scaling up through strategic planning and multistakeholder partnerships. These practices are essential in linking the adaptation investment cycle, where lessons learned from implementation and evaluation continuously inform future adaptation investment planning, ensuring that adaptation efforts evolve in line with best practices to meet changing needs and can mobilize further investments.



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Chapter 3

Empowering Action:

Building Capacity for Adaptation Investment and Climate Finance Mobilization

Commonwealth Secretariat

The following chapter, drafted by the Commonwealth Secretariat, focuses on building the individual and institutional capacities required to strengthen adaptation investment planning and resource mobilization, drawing on lessons from the Commonwealth Climate Finance Access Hub (CCFAH).

Introduction

Capacity development for climate adaptation investment planning and resource mobilization entails building the knowledge, skills, and institutional frameworks necessary to design, implement, and sustain climate resilient development strategies. This involves enhancing the technical expertise of stakeholders, including government agencies, local communities, and private sector actors to assess climate risks, identify appropriate adaptation measures, and integrate these into broader development plans. It also requires strengthening the capacity of financial institutions to evaluate and fund climate adaptation projects, ensuring that resources are allocated efficiently and effectively to economically viable areas that are most vulnerable to the adverse impacts of climate change. Challenges such as limited resources, lack of expertise, and institutional inertia can hinder capacity development efforts.

This chapter highlights key insights in building a capacity development ecosystem that supports investment planning through implementation for climate adaptation, while ensuring national climate priorities are mainstreamed into national development plans and aligned with international climate commitments. Based on experiences and lessons learned through the [Commonwealth Climate Finance Access Hub](#) (CCFAH), established in 2015, this chapter covers key aspects of the capacity development ecosystem for implementing interventions to enhance resource mobilization for adaptation. This chapter should be viewed as a nonprescriptive approach.

Key Points for Consideration

Climate adaptation investment planning requires the adoption of an integrated, cross-sectoral and economy-wide approach to maximize efforts and be effective. Often, adaptation efforts are fragmented across different ministries and sectors, leading to inefficiencies and missed opportunities for synergies. A holistic approach that considers the interdependence between sectors such as water, agriculture, and health is crucial for effective adaptation planning and investments.

Mainstreaming adaptation into government budgeting processes and aligning it with national development priorities is another important strategic approach. Governments often struggle to integrate adaptation finance strategies with existing political priorities and budget cycles when implemented as an add-on. This misalignment can result in insufficient funding and support for adaptation initiatives. It is essential for adaptation to be embedded in economic development strategies and budgetary frameworks.

Furthermore, there is a need to move towards a more programmatic, scaled-up approach to adaptation projects, rather than relying on small, piecemeal initiatives. Small-scale projects, while beneficial, often lack the scope and impact needed to address the systemic nature of climate risks. A programmatic approach that scales successful pilot projects and integrates them into broader development plans can provide more sustainable and impactful adaptation outcomes.

Mobilizing commercial private capital for adaptation is another key point for consideration. Currently, adaptation finance is heavily reliant on public funds, which are often limited.

Engaging the private sector requires creating incentives and reducing perceived risks associated with adaptation investments. Innovative financial instruments, such as green bonds and blended finance, can help attract private capital by offering more attractive risk-return profiles.

People are at the center of successful projects. Incorporating gender and youth perspectives into adaptation plans and projects is essential for ensuring that adaptation efforts are inclusive and equitable. Women, youth, and vulnerable people are often disproportionately affected by climate change, yet their voices are frequently underrepresented in decision-making processes. Integrating these perspectives can enhance the effectiveness of adaptation strategies by addressing the specific needs and vulnerabilities of these groups. All key stakeholders need to be empowered and equipped with the right skill sets and the capacity to deliver climate action.

Capacity Development for Adaptation Investments

The key considerations mentioned above have guided the CCFAH's mechanisms in supporting Commonwealth member countries to access climate finance. Since being established in 2015 and becoming operational in 2016, the CCFAH has mobilized approximately USD 494.88 million in climate finance for 108 climate adaptation, mitigation, and crosscutting projects across 16 countries. Additionally, the CCFAH has facilitated around 160 capacity building initiatives, training close to 3,400 stakeholders from government, the private sector, and civil society, as well as youth.

The CCFAH's experiences have shown that capacity development is crucial for resource mobilization and the successful implementation of adaptation strategies. Building the human and institutional capacities of governments, communities, and all key stakeholders ensures that they can effectively plan, implement, and sustain adaptation investments.



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Human Capacity

1. Roles and responsibilities: Clearly defining roles and responsibilities within agencies ensures that each entity understands its specific tasks and contributions to the overall adaptation strategy. This clarity helps in avoiding overlaps and gaps in implementation, leading to more efficient and coordinated efforts. Training programs and capacity building initiatives should focus on enhancing the skills and knowledge of all key stakeholders, enabling them to design, implement, and monitor adaptation projects effectively. (See CIPMF, Stage 1, Component 1.)

Conducting a stakeholder mapping that assesses each actor's influence on the processes supporting resource mobilization and program implementation is important. It helps harness the capabilities within the ecosystem for greater impact, while managing potentially risky stakeholders. The mapping should be deliberate to target private sector actors, so that their interests, skills, and knowledge gaps can be addressed for effective participation and for unlocking private sector finance and

efficiencies. In addition to government officials and the private sector, other key stakeholders to be included are nongovernmental organizations (NGOs) with a focus on youth and women. (See CIPMF, Stage 1, Component 2.)

Adopting a whole-of-society approach recognizes that climate adaptation is not solely the responsibility of the government but requires the active participation of all segments of society. Mainstreaming gender, youth, and vulnerable people into adaptation strategies ensures that these groups, who are often disproportionately affected by climate change, have a voice in decision-making processes. By promoting awareness and education about climate risks and adaptation measures, governments can empower citizens to take proactive steps in their communities. Additionally, fostering partnerships between the public, private, and civil society sectors can leverage resources and expertise, creating a more robust and comprehensive response to climate challenges.

BOX 1. CCFAH Climate Finance Writeshops

The CCFAH climate finance writeshops are intensive participatory workshops that bring key stakeholders together to produce a written output: climate finance concept notes or proposals. The writeshop format seeks to use actual concept notes to demonstrate the practical application of data and information to enhance the evidence base and climate rationale in developing bankable concepts and

proposals. Such training demonstrates the CCFAH's model of not only delivering tools to enhance access to finance but also working alongside government ministries and agencies to equip in-country users with the requisite skills and experiences to develop effective applications. They strengthen climate finance skills already obtained in previous training.

2. Capacity needs assessment: This starts with checking what the goals and targets are articulated in the NDCs and other strategic climate-related documents. This will cover the areas of institutional, policy, and staff capacity requirements to undertake effective climate finance resource mobilization and project planning. Some practices that can be adopted include the importance of having stakeholder engagement and commitment to the processes at the country and institutional levels. This type of assessment informs the interventions required during the capacity building stage. Though some meetings may be undertaken, there is also a need to refer to related technical needs assessments (TNAs), capacity needs assessments (CNAs), and gaps and barriers analyses in different documents that may have been identified as part of desk study. The status of environmental and social governance needs to be included in the capacities of the institutions. (See CIPMF, Stage 1, Component 1.)

Other documents to be reviewed, including budget tagging, may have been carried out. Documented sectoral dialogues can also provide valuable information. In its work, the CCFAH has supported multiple member counties in carrying out a comprehensive capacity assessment that produced highly illustrative, instructive, and insightful results and lessons that guided a capacity building program.

Building on its experience in multiple countries, CCFAH is working in the Maldives with the NDC Partnership to develop an adaptation investment pipeline, streamline climate project portfolio management, and provide outreach support to potential donors and financing institutions for the adaptation investment plan and project concept notes. The two-year project involves developing a pipeline of priority projects based

on the Maldives' NDC and creating an adaptation sectors matrix on the priority scale and execution gaps.

Engaging a wide range of stakeholders, including local communities, private sector actors, NGOs, and international partners, ensures that diverse perspectives and expertise are incorporated into adaptation planning and execution. This inclusive approach fosters collaboration and buy-in from all relevant parties, which is essential for the success and sustainability of adaptation initiatives. Regular consultations and participatory processes can help in identifying local needs and priorities, making adaptation efforts more relevant and impactful. (See CIPMF, Stage 1, Component 2.)

3. Expertise: Relevant expertise in adaptation investment planning is crucial for effectively addressing the challenges posed by climate change. Professionals with specialized knowledge in climate science, finance, and project management can design and implement strategies that are both impactful and sustainable. Their expertise ensures that adaptation projects are tailored to local contexts, addressing specific vulnerabilities and leveraging unique opportunities. By integrating scientific insights with practical financial models, these experts can develop comprehensive plans that maximize the benefits of adaptation investments while minimizing risks and costs. (See CIPMF, Stage 1, Component 1.)

Leveraging available technical assistance (TA) is another critical aspect of human capacity building. TA can provide valuable support in areas such as project design, implementation, and monitoring. By tapping into the expertise of experienced professionals and organizations, public and private sector entities can enhance their capabilities and improve the quality of their

climate finance initiatives. This collaborative approach not only builds local capacity but also ensures that interventions are aligned with global standards and best practices, thereby increasing their effectiveness and sustainability. (See CIPMF, Stage 1, Component 1.)

Targeting both public and private sector investments is crucial for scaling up climate finance efforts. Human capacity building should therefore include training on various financing models and de-risking instruments that can attract and mobilize investments from diverse sources. Understanding how to utilize these tools effectively can help stakeholders mitigate risks and leverage additional funding. By developing expertise in these areas, individuals and institutions can create robust financial strategies that support long-term climate resilience and adaptation goals. This comprehensive approach to capacity building ensures that all relevant parties are equipped to contribute to and benefit from climate finance initiatives.

4. M&E: Monitoring and evaluating adaptation outcomes is an important part in the process of undertaking an activity. Review meetings and processes act as reflection spaces for whether or not progress is being made. The [Monitoring, Reporting and Verification \(MRV\) of Climate Finance for Zambia](#) project report developed by the CCAH notes that having a climate finance MRV system contributes to building trust between donors and recipients and increasing the effectiveness of actions taken. This instrument makes it possible to quantify and monitor the implementation of climate finance, and, therefore, to identify the gaps. It also provides an opportunity to take corrective measures or change strategies to consider evolving contexts and risks that may have crystallized or opportunities that could have emerged. This also helps in managing risks that might have an increased likelihood of becoming a reality. This serves as an early warning mechanism so that the process of managing risk is proactive and not reactive. (See CIPMF, Stage 1, Component 4.)



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Institutional Capacity

1. Structure: A well-structured government unit is crucial for developing and implementing policies, plans, and projects that are aligned with national and international climate goals. This involves establishing clear roles and responsibilities within government agencies to ensure that adaptation strategies are integrated into broader development plans. By having dedicated units focused on policy formulation and project planning, governments can streamline processes, enhance accountability, and ensure that adaptation initiatives are both comprehensive and coherent. (See CIPMF, Stage 1, Component 1.)

CCFAH has supported accreditation efforts in Antigua and Barbuda and Tonga. A notable approach was through the GCF's Enhanced Direct Access (EDA) mechanism: An EDA proposal submitted by Antigua and Barbuda⁵ with support from CCFAH, enabled the islands of Dominica and Grenada—though not accredited at the time—to receive equal financing. It also enabled these countries to receive support to set up all oversight and mechanisms necessary to use GCF funding, while also building their capacity to become accredited.

Accreditation support and coordination across sectors are also vital components of institutional capacity building. Government units must be equipped to provide accreditation support to entities seeking to access climate finance, ensuring that they meet the necessary standards and requirements. This involves offering TA and guidance to help organizations navigate the accreditation process.

Additionally, effective coordination across sectors is essential for the successful implementation of adaptation projects. Government units must facilitate collaboration between different sectors, such as agriculture, water resources, and infrastructure, to ensure that adaptation efforts are synergistic and mutually reinforcing. By fostering intersectoral coordination, governments can optimize resource use, avoid duplication of efforts, and achieve more significant and sustainable outcomes in their adaptation investments.

2. Systems: Systems play a pivotal role in strengthening institutional capacity, particularly through the integration of information technology (IT). IT systems enable efficient data capture, analysis, and use, which are essential for informed decision-making and strategic planning. For government institutions accessing climate finance, these systems are crucial as they provide the necessary infrastructure to manage and report on the use of funds transparently and effectively. By leveraging advanced IT solutions, institutions can streamline their operations, enhance communication, and improve the accuracy and timeliness of information. This technological infrastructure supports the effective management of resources, monitoring of progress, and identification of areas needing improvement, which are critical for meeting the stringent requirements of climate finance providers. (See CIPMF, Stage 1, Component 1.)

5. GCF. (n.d.). [FP061](#).

BOX 2. Fiji Project Development Unit

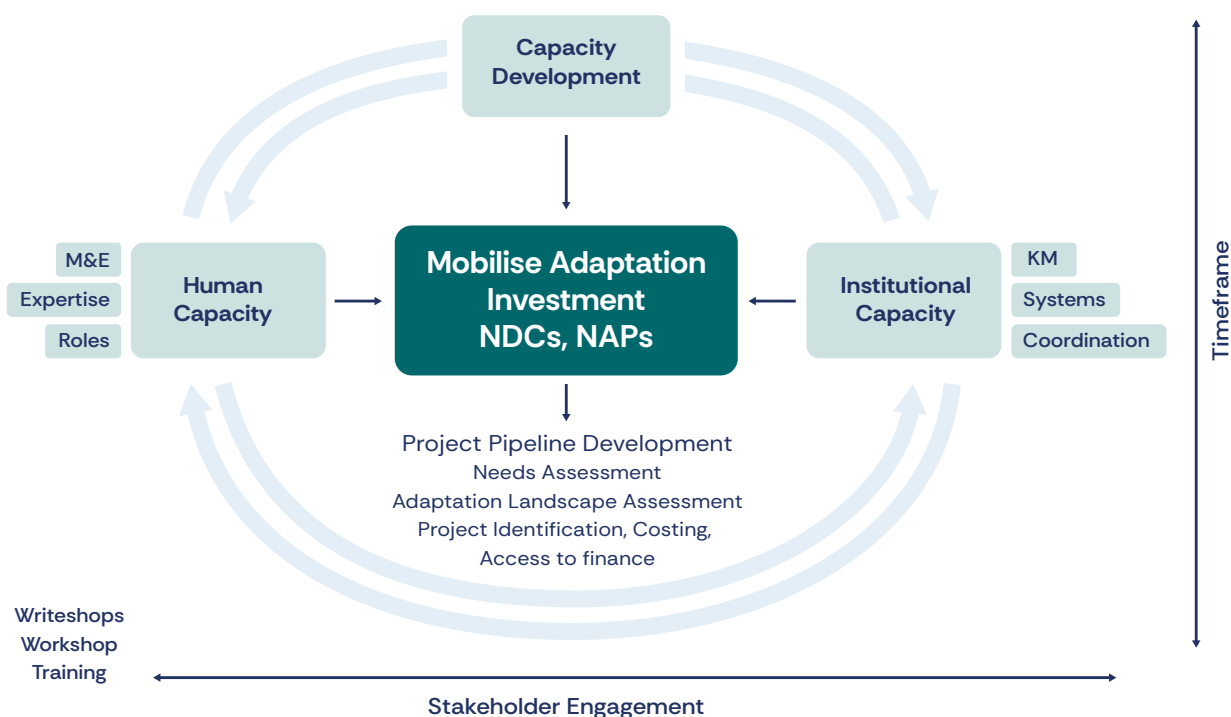
In Fiji, the CCFAH supported the development of a blueprint for establishing a project development unit (PDU) to be lodged within the Ministry of Economy and hosted by the Climate Change and International Cooperation Division. This unit, once fully operational, will seek to mobilize and increase access to domestic and international finance, by performing a coordination function to effectively utilize sector-specific data to develop robust, evidence-based proposals and proofs of concept.

Platforms and networks are equally important in building institutional capacity, especially for government institutions seeking climate finance. These systems provide a foundation for collaboration and knowledge sharing among various stakeholders, including government agencies, private sector entities, and civil society organizations. By establishing robust platforms and networks, institutions can foster a culture of continuous learning and innovation, which is essential for developing and implementing effective adaptation projects. These systems enable the dissemination of best practices, facilitate peer-to-peer learning, and support the development of partnerships that can enhance the impact of adaptation investments. Moreover, feedback mechanisms integrated into these platforms ensure that data and insights are continuously fed back into the system, allowing for adaptive management and iterative improvement of strategies and interventions. This holistic approach to system integration ensures that government institutions are well-equipped to address the dynamic challenges of adaptation and meet the expectations of climate finance providers. (See CIPMF, Stage 1, Component 1.)

3. KM: Effective KM practices can significantly enhance the ability to navigate the complexities of accessing climate finance. By sharing and disseminating best practices, governments and organizations can ensure that valuable insights and successful strategies are widely available to all stakeholders. This collective knowledge helps in identifying the most efficient and effective approaches to securing climate finance, reducing redundancy, and avoiding common pitfalls. Moreover, it fosters a culture of continuous improvement and innovation, as teams can build on each other's successes and learn from past experiences. (See CIPMF, Stage 1, Component 1.)

CCFAH has invested in human capacity on KM through a position designed to enhance CCFAH's visibility, disseminate best practices, and coordinate information exchange, including implementing a knowledge strategy, producing outreach materials, and organizing webinars and technical sessions. As part of the CCFAH's efforts around climate finance project development, policy support, and human and institutional capacity building, in 2022, a [Toolkit to Enhance Access to Climate Finance: A Commonwealth Practical Guide](#) was developed as a practical resource to enhance the capabilities of member countries to access climate finance. With knowledge sharing being a fundamental pillar of the CCFAH, the toolkit consolidates the in-country experiences and examples from the hub in supporting climate finance mobilization for member countries. Based on this toolkit, an open access e-learning course, [the Commonwealth Climate Finance Essentials](#), was launched at COP28 in 2023.

FIGURE 2 Visualizing the CCFAH Capacity Development Ecosystem



Note. This figure is from the Commonwealth Secretariat.

KM systems also support institutional capacity. By investing in training and development, organizations can equip their staff with the necessary skills and knowledge to effectively manage and utilize climate finance. This not only improves individual competencies but also strengthens the overall organizational capacity to handle complex financial mechanisms and requirements. Embedding learning into the organizational culture ensures that knowledge is retained and continuously updated, allowing the organization to adapt to evolving challenges and opportunities in the climate finance landscape even where staff attrition occurs. This holistic approach to KM ultimately leads to more informed decision-making and a greater ability to secure and effectively use climate finance resources.

The framework for mobilizing adaptation investments and enhancing institutional capacity presented here emphasizes the importance of coordination among various stakeholders. This includes advisory committees and investor roundtables, which streamline efforts and ensure effective implementation. Robust systems for KM and M&E are highlighted as crucial for tracking progress and making data-driven decisions. These systems help identify gaps, assess needs, and develop a pipeline of projects that can attract financing.

Building human capacity and expertise to support adaptation initiatives is a significant focus. Training programs, workshops, and writeshops are designed to enhance the skills and knowledge of individuals involved in these projects. Stakeholder engagement is also stressed, ensuring that all relevant parties are involved in the planning and execution of adaptation strategies. This collaborative approach aligns efforts with national priorities, such as NDCs and NAPs.

Institutional capacity building is integral to ensure that governments have the necessary structures and processes to support long-term adaptation efforts. The process for project identification, costing, and accessing finance is detailed, including conducting adaptation landscape assessments to understand the current state and identify investment opportunities. Developing a clear and compelling project pipeline positions institutions to secure funding from various sources.

A well-defined timeframe and clear roles and responsibilities for all involved parties are crucial for ensuring accountability and tracking progress against set milestones. The emphasis on capacity development and continuous learning is key to adapting to the evolving challenges posed by climate change. By fostering a culture of collaboration and continuous improvement, the framework aims to create a resilient and adaptive ecosystem capable of effectively addressing the impacts of climate change.

Institutional capacity building is integral to ensure that governments have the necessary structures and processes to support long-term adaptation efforts.





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Conclusions

While adaptation finance has gained prominence in international discourse, the pace of actual mobilization remains far slower than what is needed to match on-the-ground risks. The challenge ahead is not only about increasing available resources but also about building the systems, capacities, and institutional coordination needed to deploy those resources effectively and on a scale that meets the urgency of climate change impacts.

As climate risks intensify, countries must strengthen their ability to program adaptation investments in a timely, strategic, and coordinated manner. This includes embedding adaptation within PIM systems, aligning it with fiscal cycles, and creating enabling conditions for programmatic, cross-sectoral finance.

Key forward-looking priorities include:

- **operationalizing national adaptation pipelines** by linking priority investments to specific financing windows and planning cycles, ensuring continuity between pipeline identification and actual resource mobilization;
- **institutionalizing multilevel governance mechanisms** that enable cross-ministerial coordination, clear roles for national climate finance institutions, and meaningful inclusion of subnational actors and nonstate stakeholders;
- **strengthening programmatic and blended approaches** that allow for aggregation of adaptation investments, bundling of smaller-scale interventions, and use of financial instruments appropriate for low-return but high-resilience activities;
- **embedding adaptive learning into finance systems**, with better use of monitoring, evaluation, and feedback loops to adjust financing strategies over time, build credibility with funders and improve project effectiveness; and
- **building long-term financial sustainability** through increased domestic resource mobilization, strategic co-financing, and policies that align private investment incentives with national resilience goals.

This supplement is not intended to be prescriptive but rather to serve as a practical guide for countries seeking to approach adaptation finance as a systems challenge. While much of the global conversation still focuses on raising new funds, the more immediate challenge is ensuring that countries are equipped to receive, allocate, and deploy finance in ways that reflect the complexity and urgency of adaptation. This calls for institutional commitment, strategic partnerships, and above all, a re-thinking of how adaptation is integrated into investment planning and economic development.

Next Steps and Final Reflections

As countries work to implement these priorities, the NDC Partnership can provide essential support in the following areas:

1. **Supporting technical capacity:** The NDC Partnership can help countries enhance their institutional capacity by linking adaptation strategies to national development plans, financing frameworks, and the development of a robust pipeline of adaptation projects. This ensures that adaptation actions are aligned with national priorities and financing mechanisms, making them more actionable and sustainable.
2. **Facilitating partnerships and knowledge sharing:** The NDC Partnership can assist in unlocking innovative financing solutions by fostering partnerships between governments, funders, and the private sector. Additionally, in-country facilitators and economic advisors are key resources within the NDC Partnership. These roles play a central part in coordinating across government and with partners, facilitating knowledge exchange and ensuring countries have access to best practices, relevant data, and the expertise needed to shape their adaptation strategies.
3. **Strengthening institutional support:** The NDC Partnership can support countries by strengthening the institutional coordination needed for effective adaptation finance. This includes helping countries integrate adaptation into national policy frameworks, improving multilevel governance and ensuring that adaptation actions are well-aligned with both short-term and long-term development goals, thereby maximizing the impact of adaptation investments.
4. **Building long-term financial sustainability:** The NDC Partnership can help countries build long-term financial sustainability by supporting domestic resource mobilization, encouraging strategic co-financing, and ensuring that policies align with national resilience goals. This will enable countries to create a solid financial foundation for scaling up adaptation investments over time.

Supplement

Adaptation Financing

Climate Investment Planning
and Mobilization Framework

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