UNFCCC Knowledge and Foresight on Adaptation Finance | 24th April

Session: *Enabling uptake: partnerships and country-level implementation*

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1. Identify geographies for piloting opportunities;
   a. Where could this pathway be piloted most effectively, and why?
2. Discuss engagement plan to advance country-driven implementation through partners;
   a. What could actions look like to initiate implementation within the next 12-24 months?
   b. What would success look like in the short term (pilot phase) and longer term (scale)
3. Invite participants interested in leading/co-leading pathways for implementation

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Fostering transparency & accountability:

- Shift to implementation – importance of transparency and accountability mechanisms, e.g., dashboards, taxonomies and tracking systems.
- Challenges to implementation – lack of clarity on definition of adaptation finance; fragmented reporting systems; capacity in public institutions to interact with the private sector; risk of duplication and burden on countries if more reporting processes are created.
- SIDS as a good region for partners and countries to move to implementation and uptake.
- Important to identify the enablers/readiness to make adaptation finance engagement really concrete, with suitable engagement plans.
- Important to do an inventory of what's already out there (in terms of knowledge, capacity building, toolkits), then build out a roadmap of what's needed.
- Suggestion for a working group composed of different organisations across different sectors to bring more clarity to the definition of adaptation finance e.g., FAO and their experience in food systems.
- Suggestion for a working group composed of representatives from different types of public climate finance providers (MDBs, IDFC, VCEFs, bilaterals) to agree on priority indicators under the GGA to start jointly reporting on and converging in underlying measurement methodologies.

Locally-led adaptation (with reference to Indigenous Peoples and Local Communities)

- Propose to focus on establishing fair, accessible and long-term finance mechanisms that ensure direct access amongst communities – with particular attention to ecosystem-based approaches and participation in carbon markets.
- Many community-led environmental projects have long payback periods and are not considered profitable by traditional financial institutions – they generate significant non-material value (biodiversity, cultural heritage, indigenous knowledge) that is not adequately reflected in mainstream financial/economic models.
- Recommend the establishment of a dedicated fund for indigenous peoples.

- Need for reform and integration of currently absent/fragmented carbon markets into a unified global system.
- Introduction of impact-based finance approaches – going beyond short-term financial returns to account for social and environmental benefits.
- Key actors for implementation – local communities, financial institutions, industrial organisations and governments.
- Short-term success: partnerships and mutually beneficial conditions for all
- Long-term success: replication and scale-up; sustained financing

Applying non-market approaches under Article 6.8, with a view to developing an adaptation benefit mechanism

- Where to start? Focus on transboundary regions in West Africa (Senegal, Togo, Benin, Mauritania etc.) + Pacific coastal nations, vulnerable to coastal erosion.
- Pilot should focus on vulnerable communities affected by coastal erosion – especially women.
- Priority needs in the short-term: identify local/national adaptation needs; define priority impacts; what are the aspects that negatively impact livelihoods? Collaborate with local governments/authorities and co-design plans; include NGOs, that can collect the views of indigenous peoples/local communities, in the design of solutions at an early stage.
- Need to involve legal advisers that understand the financial system at an early stage of design to help structure the mechanism
- What does success look like? A consensus on the meaning of non-market approaches; important to have national ownership/leadership to coordinate across multiple levels of governance; access to data, technology, capacity building, that is compatible with the local context.
- Risk and barriers for implementation – lack of transparency; issues of corruption when it comes to non-market approaches (need to be addressed at regional/national level); example of Central America/Costa Rica collecting views from all members of society to inform fiduciary arrangements.

Open and verifiable data architecture to enable local/community adaptation action

- Disconnect between bottom-up and top-down datasets – how to link these is important in the way we talk about implementation.
- How they fit into or with the existing government system is crucial.
- Need for strong political will and capacity to build into existing policies.
- Need to solve the political barriers – requires trust to build data validation; is the data from the government matching the bottom-up data? Or is there misalignment because of the particular government priorities?
- Where? Regional balance rather than picking a specific area – datasets and data architecture is applicable to different places.
- Different datasets are owned by different stakeholders – found it difficult to map who exactly has replicable datasets.
- Need to identify sustainable financial resources and map the organisations already working in this space – so we know what resources are already there and identify communities that want to take part.
- Multiple actors needed – including indigenous people/community leaders for bottom-up data.

- Create a practical methodology, based on the active participation of all stakeholders, that is easily understood.
- Importance of government buy-in and the possibility of replication in different areas/regions – linkage with green finance taxonomy that creates a stable pathway for funding.

Capturing locally-led adaptation

- Existing commitment: by 2040, a share – 40-50% - of international adaptation flows to be directed to local actors.
- Capacity building among local communities/indigenous peoples is essential
- Should be mandating compliance for manufacturing sectors – only bothered about sustainability when it is mandates, with climate commitments considered a voluntary consideration.
- India example: listed companies have mandatory compliance to release their sustainability report.
- Engagement plan – need for an adaptation platform where communities can directly apply on the platform, which can then find the best match based on the requirements of the funding and the applicant profile (leveraging AI).
- Where this pathway could be piloted most effectively? In decentralised governance – local community adaptation plans and policy frameworks.