

2023 CLIMATE AND DEVELOPMENT MINISTERIAL: COALITION OF AMBITION ON ADAPTATION FINANCE

Recognising the linkages between climate resilience and development, escalating climate impacts emphasise the urgency to scale up and improve access and delivery of adaptation finance.

As Climate and Development Ministers and Heads of International Finance Institutions we have considered the barriers to adequate, predictable, affordable, timely, and grant-based adaptation finance that is easy to access and delivers for communities.

We will work towards the equitable delivery of high-quality grant-based finance, concessional finance, and other forms of finance which enables those countries most affected by climate change to access resources quickly and fairly to enable their communities to adapt in line with priorities identified in their national plans. We will work together as funding providers and recipients towards **three goals**:

1. **Enhance country-owned programmatic financing:** Increase programmatic financing and capabilities for the delivery of transformative adaptation action, so that climate vulnerable countries have the resources to deliver their adaptation priorities as set out in their adaptation plans through national platforms, with finance based on policy and delivery milestones.

Aim to grow support for established adaptation partnerships and finance at least five new adaptation partnerships by 2024 C&DM.

2. **Ease access:** Significantly reduce the time it takes to access finance, reduce transaction costs, simplify compliance and reporting requirements, and enable substantial flows to reach countries and communities through direct access.

Aim to reduce access processes to no more than 6 months from application to approval, speeding up disbursement to ensure funds are delivered within that timeframe, in the context of related medium to long term aims, including harmonising through a streamlined access and reporting process.

3. **Scale all sources of adaptation finance:** Tackle the barriers to scaling accessible and delivery-focused adaptation financing from all sources, including mobilising innovative finance, attracting private sector finance to stimulate domestic enterprise and exploring debt considerations.

Aim to secure a new collective headline 2025 MDB forecast for climate finance which includes a more ambitious adaptation forecast and collaboration on strategies to leverage greater private capital, as well as a more diverse set of instruments e.g., guarantees and bonds.

We commit to reconvening Climate and Development Ministers and heads of financial institutions next year to review progress against these Climate and Development objectives, and we will explore a process for annual progress review up to 2030.

The Vision has been endorsed by the governments of Denmark, Ireland, Malawi, Nepal, the Netherlands, the Republic of the Marshall Islands, Somalia, Tuvalu, the United Kingdom, Vanuatu, along with the Adaptation Fund, who invite further participation from partner countries and institutions.

PROPOSED PRIORITY ACTIONS: *To be championed by co-champions of the three goals*

The following set of proposed Priority Actions emerged through an evidence review of effective adaptation finance and a series of technical workshops held in September and October 2023. The Priority Actions will be finalised by the co-champions of the three goals.

Goal 1: Enhance country-owned programmatic financing

This goal will be championed by Denmark, Tuvalu and Vanuatu.

#	Proposed Priority Actions
1.1	A group of recipient countries commit to develop long term programmes that channel funds through fit-for-purpose national platforms under a long-term vision for climate resilient development pathways to align development and climate investment (across international and domestic, public and private and all climate finance workstreams for addressing mitigation, adaptation and loss and damage), building on existing programmatic and integrated approaches.
1.2	A first-mover group of bilateral finance providers commit to adjusting bilateral programming to finance directly through policy-based finance behind national commitments to milestones in developing national programmes, platforms and LLA delivery mechanisms.
1.3	Encourage greater investment from multiple sources into existing programmatic approaches in initiatives led and governed by climate vulnerable countries to strengthen access and delivery
1.4	Create peer learning spaces to build understanding of good practice in investing in institutional capabilities and enhance investment in early institutional strengthening to improve access and delivery of adaptation finance, for example through support to strengthen financial capabilities, vertical governance arrangements, national planning, sectoral planning, investment planning, investment proposals, and supplementation of specialist skills (e.g., procurement, monitoring, and reporting
1.5	Work with all finance providers and recipients to endorse the Principles for Locally Led Adaptation and Principles and Recommendations of the Taskforce for Access to Climate Finance to lead a move to a country owned, programmatic approach to climate finance, with an aim towards a majority of finance invested behind local actors' priorities.
1.6	Work across intermediaries as well as their finance providers and recipients on a commitment to good practice, including intermediaries' budgets, gathering and acting on open feedback from recipients.
1.7	Work with development finance providers and recipients to set standards for all development finance mechanisms to integrate climate risks and avoid maladaptive outcomes, and identify and create incentives for private and development finance to align with good practice for climate resilient development

Goal 2: Ease access

This goal will be championed by Malawi, Nepal, Somalia and the UK.

#	<i>Proposed Priority Actions</i>
2.1	Work with finance providers to increase investment in accreditation support for LDCs and SIDS with limited direct access and invest in programme development for all LDCs and SIDS with no direct access programmes.
2.2	Develop and update annually a quantification of needs, climate rationale (cumulative and intersecting risks), and maladaptation risks to support LDCs and SIDS access requirements
2.3	Work with finance providers to increase transparency of their climate finance pledges and flows for recipient countries and communities to clearly see the avenues for accessing and improving effectiveness of adaptation finance
2.4	Develop and update annually a snapshot of which countries have limited access, particularly in delivery of finance to local stakeholders, to enable all partners to identify and tackle access and delivery challenges
2.5	Work with multilaterals and their shareholders, to lengthen the timeframe of finance commitments with an aim to increase the average timeframe of finance commitments to 7-10 years by 2030. Work with MDBs and other shareholders to ensure that vulnerable countries are prioritised in the development of new MDB country platforms and ensure these are country-owned with sufficient capacity support provided to recipient governments.
2.6	Work with multilateral funds and institutions on creating a single shared application, due diligence, reporting and accountability approach and shared standard operating procedures that align with national systems and aim to expand the breadth of direct access entities and the long term ambition of reducing the access processes to no more than 6 months from application to disbursement.
2.7	Work with all funds and finance providers to tackle the barriers to providing direct access to adaptation funds to countries and communities without going through intermediaries, with an aim to have all finance providers offering direct access by 2030 and enable country level coordination across flows.

Goal 3: Scale all sources of adaptation finance

This goal will be championed by Vanuatu.

#	Proposed Priority Actions
3.1	Work with all finance providers to deliver on the commitment to double adaptation finance by 2025, acknowledging that enhanced mobilization of and access to financial resources are essential for implementation of adaptation interventions and to reduce adaptation gaps
3.2	Work across all the initiatives aiming to increase private investment and innovative finance into adaptation to learn quickly and strengthen approaches that stimulate domestic enterprise in the countries that are most climate vulnerable - including blended finance arrangements to de-risk private sector finance, early grant support to growing climate resilient enterprise, supply chain finance and the investment enabling environment.
3.3	Working across finance providers, agree an action plan for clearly demonstrating their commitment to grant-based funding for adaptation
3.4	Work with private sector insurers and IFIs to create new pathways toward promoting private capital mobilization through credit enhancement products (such as guarantees and insurance) and the issuance of green/sustainable/catastrophe bonds.
3.5	Build support for climate-resilient debt clauses, debt restructuring and the broader Bridgetown, Accra-Marrakech, and Africa Climate Summit Nairobi declaration agendas for transforming the global financial architecture with a view to scaling up finance for the most climate-vulnerable countries.
3.6	Work with recipient countries developing a private investment plan and innovative finance behind national strategies as a policy lever to set expectations of private sector contributions to climate risk informed investments. This would include the development of blended finance windows to de-risk, attract, and aggregate opportunities for private investment, as well as investing in regulation and policy as enabling conditions for private investment in adaptation, including support to understand changing and cumulative impact of climate risks
3.7	To reduce cost of capital, work with credit rating agencies to reflect investment in climate and disaster risk reduction in how the risk to capital of climate impacts is understood and actions reflections.

ANNEX 1: RELATED ADAPTATION FINANCE INITIATIVES *(list in development)*

Below is a list of initiatives, priorities, programmes and more that relate to the C&DM Vision and objectives. Participating countries and initiatives are invited to contribute to this growing list.

Initiatives and Programmes	
LDC Initiative for Effective Adaptation and Resilience (LIFE-AR)	LDCs website in development but info here
The Coalition for Climate Resilient Investment (CCRI)	Who We Are - Coalition for Climate Resilient Investment
The Taskforce on Access to Climate Finance	The principles and recommendations
Africa's Adaptation Initiative (AAI)	AAI (africaadaptationinitiative.org)
Financing Locally-Led Climate Action (FLLoCA) Program - Kenya	KCCWG FLLoCA
Global Partnership for Education Climate Smart Initiative	
Funds	
Rwanda Green Fund	Who We Are Rwanda Green Fund
Vanuatu National Green Energy Fund (NGEF)	Vanuatu National Green Energy Fund (NGEF) — Global Green Growth Institute (gggi.org)
Least Developed Countries Fund (LDCF)	Least Developed Countries Fund - LDCF GEF (thegef.org)
Platforms and Partnerships	
Rwanda national platform	
Ethiopia national platform	
Nepal national platform	
Antigua and Barbuda national platform	
Vanuatu national platform	
Marshall Islands national platform	
Nationally Determined Contributions (NDC)	About Us NDC Partnership

Partnership	
Guidelines and Frameworks	
The World Bank Country Climate and Development Reports (CCDRs)	Country Climate and Development Reports (CCDRs) (worldbank.org)
NDC Investment Planning Framework	
Sharm-El-Sheikh Adaptation Agenda (SAA)	Sharm-El-Sheikh Adaptation Agenda - Climate Champions (unfccc.int)
Nepal's Green, Resilient, Inclusive Development (GRID) Approach	Nepal's Green, Resilient, and Inclusive Development (GRID) – Nepal Economic Forum
Locally Led Adaptation (LLA) Principles	Principles for locally led adaptation International Institute for Environment and Development (iied.org)
New Zealand Flexible Climate Financing	International-Climate-Finance-Strategy-At-a-glance-FINAL.pdf (mfat.govt.nz)
Priorities	
Nationally Determined Contributions (NDC) implementation plans	
National Social Protection Mechanisms	
National Climate Change trust funds	

ANNEX 2: BACKGROUND

The UAE, as the incoming COP28 presidency, along with the Governments of the UK, Vanuatu and Malawi, hosted the third Climate and Development Ministerial on 29th October 2023 to agree a shared approach to reforming the architecture of adaptation finance.

The Climate and Development Ministerial was initiated in 2021 to unite and lend support to climate and development ministers to address the priorities of climate vulnerable countries. The forum has achieved significant progress towards enhancing financing for climate and development goals including raising support for debt suspension clauses in times of disaster and launching a task force to improve access to finance.

The Vision, Goals and Proposed Priority Actions, to enhance access and delivery of adaptation finance, were developed through technical workshops with climate finance experts and officials at the Africa Climate Summit and Climate Ambition Summit in September 2023. They were discussed by Ministers and Heads of institutions at the 2023 Climate and Development Ministerial meeting in Abu Dhabi on 29th October 2023.

Invitation to Participants

Ministers and Heads of institutions are invited to:

Endorse the Vision: Endorsing countries and institutions are expected to contribute by taking action over 2024 and joining the 2024 Climate and Development Ministerial to share progress and discuss further action needed. Support from expert facilitators will be available to countries or institutions seeking to convene stakeholders or develop outputs towards the proposed actions. You can email CDM@iied.org for more information.

Nominate their country or institution to co-champion the delivery of one of more of the three goals: Co-champion countries and institutions are expected to actively convene stakeholders to take action over 2024 and to co-facilitate and report back on progress at the 2024 Climate and Development Ministerial. Support from expert facilitators will be available to co-champions to convene stakeholders and develop outputs towards the proposed actions and to prepare to co-facilitate the 2024 Climate and Development Ministerial. You can email CDM@iied.org for more information.

The 2024 Climate and Development Ministerial (date to be confirmed) will discuss progress and further action needed.

Contact: To sign onto the Vision or nominate your country / institute to co-champion one of the three goals, please contact CDM@iied.org. E3G and the International Institute for Environment and Development (IIED) are providing technical support for the C&DM process.