Billions of dollars in climate finance are flowing at levels previously unimaginable, yet the needs of the communities most vulnerable to climate change are often not addressed. Agreed balances between mitigation and adaptation spending are not being met, and priority sectors – particularly the food and agriculture sector – are not receiving the funding needed to increase their resilience. Over 90% of countries’ Nationally Determined Contributions (NDCs) include targets within the agriculture sector, but current levels of climate finance do not reflect this.

The Green Climate Fund stands at a crucial point with the beginning of its second resource mobilisation: it must evaluate its progress in delivering adaptation and mitigation finance, and it should increase funding for agriculture. As poor, rural communities are disproportionately experiencing the effects of climate change, climate finance providers must also evaluate how to make finance more accessible to local actors.

The European Union and its member states, the largest collective providers of climate finance, should reassess the distribution of their climate finance spending to reflect the priority sectors identified by developing countries. African governments should integrate more efficiently climate adaptation planning into all development decisions, and fast-track the co-financing of the food-related parts of the NDCs and National Adaptation Plans.

Stakeholders in Europe and Africa, climate finance institutions and local actors can also contribute to more effective adaptation finance, especially for agriculture, by joining existing initiatives such as the ‘Global Commission on Adaptation’ Year of Action, the Action Agenda of the African Union and European Union agriculture ministers, and the partnerships led by municipalities and their networks.
Introduction

The Paris Agreement, signed in 2015 at the 21st Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC)\(^1\), was the first legally binding climate agreement that signalled countries’ willingness for global cooperation to combat climate change and adapt to its effects.\(^2\) The agreement is well known for its bottom-up approach: it requested each country to outline and communicate its post-2020 climate actions, known as the “nationally determined contributions” (NDCs), to mitigate emissions and adapt to a changing climate. In order to reach these targets, appropriate mobilisation of financial resources is required, known as “climate finance.”\(^3\) Some of the key climate finance mechanisms used today were established through the UNFCCC. The Green Climate Fund (GCF) is one of the operating entities of the financial mechanism of the UNFCCC, and specifically the Paris Agreement, and is intended to eventually become the primary source of international public climate finance (Watson and Schalatek, 2019). Based on its importance in the climate finance landscape, this briefing note will focus on the GCF as a possible model for the future of climate finance.

In recent years, agriculture\(^4\) has gained increased attention at the COP negotiations. In 2017, the Koronivia Joint Work on Agriculture (KJWA) was established at COP 23 to acknowledge the significance of the food and agriculture sectors in adapting to and mitigating climate change. The agriculture sector, which employs over 1.1 billion people worldwide, is extremely sensitive to climate change (Kalfagianni, 2015). Yield changes caused by climate change will severely impact the entire global food system by decreasing the overall supply of food and increasing hunger in certain regions, while also disproportionately impacting small farmers in developing countries who depend on rainfed agriculture for their livelihoods (Harvey et al., 2018). Countries in Africa are particularly vulnerable to these changes, as one fifth of Africans were undernourished in 2017 (FAO, 2018) and 70% of the African workforce is employed in the agriculture sector (Gatune Kariuki, 2011) (UN, 2013).

Highlighting the importance of agriculture in climate action, over 90% of countries’ NDCs include agriculture targets (Strohmaier et al., 2016), with every country in Africa that submitted an NDC including targets on agricultural adaptation (CGIAR, 2016). Alongside their NDCs, many countries have developed National Adaptation Plans (NAPs)\(^5\) which outline their medium- and long-term adaptation needs, and increasingly prioritise the agriculture sector (FAO, 2017). While the Paris Agreement was an important step forward in global climate action, the final document strikingly did not mention the word “agriculture” at all, despite the contribution of agriculture to climate change as well as its vulnerability to it (Verschuuren, 2016). Current flows of climate finance toward adaptation overall, and agricultural adaptation specifically, are insufficient to address the adaptation needs identified by countries in their NDCs.

The European Union and its member states constitute the largest donor of climate finance to developing\(^6\) countries, but this funding is not evenly distributed between adaptation and mitigation. According to Dejgaard and Appelt (2018), “Adaptation finance disbursements from the European Commission (EC), the European Development Fund (EDF) and the European Investment Bank (EIB) need to increase by...”

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\(^1\) The UNFCCC was adopted in May of 1992 and received 166 signatures by the following year. The primary focus of the UNFCCC secretariat in its early years was to support the global response to climate change and facilitate intergovernmental climate negotiations. Since its founding, it has facilitated the adoption of the Kyoto Protocol in 1997 to extend the UNFCCC commitments, as well as the Paris Agreement, which was the first agreement to bring all nations together to set goals to combat climate change and adapt to its effects (UNFCCC 2015). Each year, the UNFCCC secretariat organises negotiating sessions between parties, the largest and most important of which is the Conference of the Parties (COP), which is attended by an average of 25,000 participants annually.

\(^2\) The Intergovernmental Panel on Climate Change (IPCC) defines adaptation as “adjustments in natural or human systems in response to actual or expected climatic stimuli or effects, which moderates harm or exploits beneficial opportunities.” (Akinnagbe and Ifeoma, 2014). While adaptation is a response to the consequences of climate change, mitigation deals with the causes of climate change by reducing greenhouse gases in the atmosphere. Both practices are extremely important, but current climate finance indicates a lack of understanding of the importance of adaptation.

\(^3\) Climate finance refers to “local, national or transnational financing—drawn from public, private and alternative sources of financing—that seeks to support mitigation and adaptation actions that will address climate change.” (UNFCCC, 2019)

\(^4\) While acknowledging the importance of considering the food system as a whole rather than only its production side, this briefing note focuses primarily on the agriculture sector, as the UNFCCC language more frequently addresses the need for agricultural adaptation specifically.

\(^5\) Also established under the UNFCCC.

\(^6\) We use the terms “developing” and “developed” countries to reflect the income levels of countries as this is the language used in most UN climate finance reporting. We do not intend to imply any judgement on the levels of development in any region.
approximately EUR 1.5 billion to achieve a 50-50 balance between adaptation and mitigation, assuming that the current level of commitments for mitigation remains steady.” In terms of regional division of climate finance from EU institutions, African countries received the largest share at 35% between 2013 and 2016, though this was only slightly more than European (33%) and Asian countries (20%) (Dejgaard and Appelt, 2018).

As the focus on agriculture grows in the climate discussion, including a 2019 report by the Intergovernmental Panel on Climate Change (IPCC) dedicated specifically to the contribution of food systems and land use to climate change, it is important to understand how finance will be mobilised to support much needed adaptation in this sector. As public finance flows currently play the largest role in adaptation financing, this briefing note seeks to understand the following questions: What is the current state of public adaptation financing in the agriculture sector, and what is the role of the EU in financing these projects? Using the Green Climate Fund as a possible model due to its intended future as the primary source of climate finance, the briefing note will also discuss how this funding can be better accessed by local communities, particularly smallholder farmers in Africa that are especially vulnerable to the effects of climate change. Ethiopia is presented as a case study because of its unique experiences with accessing climate finance.

This briefing note, developed through a combination of desk-based reviews of the literature and a series of key informant interviews, is aimed at food and agriculture as well as climate policy makers and stakeholders. Its objective is to provide them with useful information to better connect policy to practice in these fields and ultimately support them to more effectively direct climate funding toward vulnerable populations.

The briefing note is organised in three sections:

- Section 1 outlines the current landscape of climate finance, the (im)balance between mitigation and adaptation spending, and what role key global players, such as the EU, are taking in the context of financing agricultural adaptation.
- Section 2 looks at the barriers to access experienced by vulnerable communities in need of adaptation finance and discusses the notion of “decentralised” climate finance.
- Section 3 presents recommendations to the EU and African governments, climate finance institutions such as the GCF, and local actors for improving access to adaptation finance, with a focus on agriculture. It also presents a call to support existing initiatives and partnerships.

1. The global climate finance architecture

To date, public and private sector entities have pledged hundreds of billions of dollars toward mitigation and adaptation to climate change. Climate finance currently flows through a number of channels. In the public financing sector, these include multilateral climate funds specifically focused on climate change, bilateral development finance institutions, and national climate funds (Watson and Schalatek, 2019). These public finance flows primarily go from developed countries to developing countries, guided by the principle of “common but differentiated responsibility and respective capabilities” (CBDR-RC). Public funds represent only a portion of climate finance, but are easier to track than private finance flows. In 2015 and 2016, 54% of climate finance came from private finance actors (Oliver et al, 2018). This comes in the form of direct investment from the private sector toward technologies such as renewable energy and electric vehicles. Though we acknowledge the critical importance of improving the enabling environment for...
private sector investment into adaptation, this briefing note focuses on public finance flows, as these currently represent the largest portion of adaptation financing and are easier to track.

Multilateral climate finance institutions established within the UNFCCC have allowed for some flows of climate finance to break the mold of traditional development institution structures in which contributing countries are able to dominate decision-making on where money is going (Watson and Schalatek, 2019). The Global Environment Facility (GEF), Adaptation Fund (AF), and the Green Climate Fund (GCF) are the three primary financial mechanisms of the UNFCCC, alongside the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF) which are administered under the GEF. Over time, the GCF is expected to become the primary source of international climate finance, using a country-driven approach to fund projects and committing to a 50:50 balance of finance between adaptation and mitigation (Watson and Schalatek, 2019); it is for these reasons that the GCF is the primary mechanism focused on in this briefing note.

Guided by the principle of CBDR-RC, funding toward Africa should be an increased priority for providers of climate finance. The sub-Saharan region as a whole has contributed to only 4% of global emissions, yet it is also one of the regions most vulnerable to the effects of climate change (Barnard et al., 2016). Between 2003 and 2016, the LDCF and the World Bank-administered Clean Technology Fund were the largest cumulative funding providers to sub-Saharan Africa, but GCF support in the region has grown in recent years (Barnard et al, 2016). According to the GCF’s portfolio as of August 2019, Africa was the region with the highest number of GCF projects, with 46 projects in Africa followed by 44 in the Asia Pacific region. Only 45% of climate finance to sub-Saharan Africa went to adaptation projects, meaning that a greater share of finance was spent on mitigation (Barnard et al., 2016). For a region that has contributed so little to global emissions, adaptation financing should become the first priority.

Figure 1: Adaptation INDCs by Sector illustrates the priority sectors addressed in the Intended Nationally Determined Contributions (INDCs) of African countries.

Source: AAI, 2018

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10 The GCF was formed in 2010 and became operational in 2014, with the primary goal of providing support to developing countries for climate adaptation and greenhouse gas emissions reductions (EC, 2016).

11 This image shows the number of INDCs that mentioned certain sectors. Agricultural adaptation was mentioned in 45 INDCs, forestry in 31, and water in 30. This emphasises the clear prioritisation of the agriculture sector in African countries’ INDCs.
The Green Climate Fund

In 2015, developed countries formally agreed to jointly mobilise USD 100 billion per year by 2020 for climate action in developing countries, a major share of which was intended to be channeled through the GCF. In its initial resource mobilisation, which lasted from 2015 to 2018, the GCF raised **USD 10.3 billion in pledges from 48 countries, regions, and cities** (GCF, 2019), making it the largest multilateral climate fund. Due to a number of factors, the actual value of the GCF’s initial resource mobilisation is estimated to be closer to USD 7.1 billion (Schalatek and Watson, 2018). Despite its commitment to a 50:50 balance between mitigation and adaptation, the current GCF portfolio reports 42% of projects focusing on mitigation, 24% on adaptation, and 34% on cross-cutting projects (GCF, 2019). Several sources within the GCF, however, did confirm the organisation’s intention to uphold the 50:50 commitment.

The GCF began its **first formal replenishment process** in 2019, which was triggered when 60% of total GCF contributions were approved for projects and programmes (Schalatek and Watson, 2018). The replenishment process is likely to take between 3 and 5 years, and since it is the first to occur, it is unclear exactly what the scale or the exact procedures of the replenishment will be (Schalatek and Watson, 2018). Tensions within the GCF leadership, including the sudden resignation of the director in 2018, may present a challenge in the resource mobilisation process and also impact the overall functioning of the GCF board. Tense dynamics between country representatives, often reflecting UN-esque geopolitical divisions (such as global north versus south), make decision-making difficult in board meetings. Alongside these tense dynamics, the fact that many representatives come from Ministries of Foreign Affairs or Finance rather than Ministries of Environment or Agriculture can influence their understanding of environmental issues as well as their interest in food and agriculture.

A review conducted by the Food and Agriculture Organization (FAO) reported that, as of February 2018, **only 12% of total GCF funding had gone to projects with agriculture as the primary sectoral focus**, though there was a larger amount of funding going toward projects that included agriculture as a secondary or peripheral focus (FAO, 2018). Of the GCF funding for agriculture projects, Latin America and the Carribbean received the highest amount of funding at 29%, while Africa received only 12%. Due to the strong focus on agriculture in the NDCs of African countries, more GCF funding should be directed toward agriculture in the region.

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12 After the withdrawal of the United States from the Paris Agreement, it became clear that the remaining USD 2 billion of the USD 3 billion pledged contribution by the U.S. would not be completed. The loss of the remainder of the U.S. contribution as well as losses due to fluctuations in foreign currency rates have led to estimation that the actual value of the GCF’s initial resource mobilisation is closer to USD 7.1 billion (Schalatek and Watson, 2018).

13 Interviews with GCF officials, 2019.

14 Interviews with GCF officials, 2019.
Climate finance for adaptation

According to data from the Climate Policy Initiative, the total amount contributed to climate action in 2016 was USD 455 billion, from both the public and private sectors. This was a decrease from the record high of USD 472 billion in 2015. While these figures are large, they are **still insufficient compared to the USD 1.3-3.8 trillion investment requirement** estimated by the IPCC in order to limit warming to 1.5C (IPCC, 2018). Particularly when compared with the amount of continued investment into fossil fuels, current climate finance flows fall short (Oliver et al, 2018).

The majority of climate finance goes toward mitigation action, with an average of only USD 22 billion per year going toward adaptation. This is in contrast to the USD 130-300 billion per year that the UN Environment Programme (UNEP) estimates is required by 2030 to adapt to the impacts of climate change (Chan et al., 2018). Despite the prominence of adaptation in developing country’s NDCs as well as the significant risks that climate change poses, **investment into adaptation is not reaching the amount that is needed** (Micale et al, 2018). To compound this funding shortfall, the International Institute for Environment and Development (IIED) reports that **less than 10% of climate finance actually reaches the local level** (Soanes et al., 2017), meaning that the communities most vulnerable to climate change are struggling to access these much-needed funds.

Within the already insufficient amount of adaptation funding, very little is going toward Africa. According to the UNEP, past global emissions already constrain Africa to adaptation costs of USD 7-15 billion per year by 2020 (AAI, 2018). This amount could rise to USD 50 billion per year by 2050 if the world is able to limit warming to 2C, but could rise even further to over USD 100 billion if emissions reductions fail to occur (AAI, 2018). These staggering numbers indicate a **dire need for adaptation financing in Africa**, but public finance for adaptation in sub-Saharan Africa was estimated at USD 3-4 billion in 2015, indicating a sizeable gap in adaptation finance in the region (AFDB, 2019)(Micale et al, 2018).

The primary instruments used to finance adaptation activities in 2015 and 2016 were market-rate loans, most of which were provided by development finance institutions (DFIs) (Micale et al., 2018) and represented approximately half of all adaptation finance. Grants represented about 25% of adaptation finance, with another 25% coming in the form of low-cost project debt (Micale et al., 2018). Though current data on regional adaptation finance is limited, a 2013 report by the International Development Research Center looked
specifically at adaptation finance in Africa, and reported that most adaptation funding for African projects at the time came in the form of grants from bilateral sources through Fast-Start Finance initiatives\(^{15}\) (Tippmann et al., 2013). The report also notes that “in all African regions, except Southern, funding requests for adaptation activities far exceed funding received.”

While the largest amount of public climate finance for adaptation comes from multilateral development finance institutions such as the World Bank, climate funds (such as the Green Climate Fund), bilateral development finance institutions, and governments also play a significant role in adaptation finance (Micale et al., 2018). Of the multilateral funds supporting adaptation, the Least Developed Countries Fund (LDCF) has the highest amount of approved funding for adaptation, at around USD 1.2 billion in total funding between 2003 and 2018 (Watson and Schalatek, 2019). The GCF has the second highest amount of approved adaptation funds among the multilateral climate funds, at USD 1.15 billion, with the World Bank’s Pilot Program for Climate Resilience (PPCR) and the Adaptation Fund (AF) as the third and fourth largest multilateral investors. The GCF is expected to become an increasingly larger supporter of adaptation projects, as it has pledged half of its USD 10 billion initial resource mobilisation to adaptation, half of which will be directed to Small Island Developing States (SIDS) and LDCs (Watson and Schalatek, 2019).

As of 2018, the GCF and the LDCF were the climate finance institutions that had provided the highest amount of adaptation finance to African countries at USD 928 million and 675 million, respectively (AAI, 2018). African governments themselves are also investing into adaptation and spending nearly 2% of GDP on adaptation projects (AAI, 2018). This counteracts the narrative that countries in the region are depending solely on international finance for adaptation. Despite these investments dedicated specifically for adaptation in Africa, the funding gap between what is needed and what has been provided remains large. Some studies have estimated gaps of 40% to as high as 90% for adaptation finance in the region (AAI, 2018).

One of the key challenges to spurring investment into adaptation is the difficulty of defining what qualifies as adaptation finance (UNFCCC, 2016; Micale et al., 2018). While mitigation actions and their impact can be clearly defined and measured in terms of greenhouse gas (GHG) reductions, adaptation activities are very location and context specific, and cannot be reduced to a list of standard activities that can be used in all scenarios (Micale et al., 2018). One of the biggest discussions in the adaptation finance space today is the difficulty of distinguishing between adaptation and development projects, as climate resilience and development are closely linked.

The concept of ‘additionality’ in climate finance has driven investors to make a clear distinction between investments into development projects and investments into climate action (Brown et al., 2010), but when it comes to climate adaptation specifically, this distinction can be detrimental for a number of reasons. As climate change threatens sustainable development objectives, adaptation can be used both to build resilience and to achieve sustainable development goals. Separating adaptation from development also encourages further siloing of climate action as the exclusive responsibility of the ministries of environment, rather than encouraging cross-government coordination and integration of climate into all government policies (Chan et al., 2018).

A key example of this comes from the case of the GCF board’s failure to approve a proposal from Ethiopia in May of 2017, on the grounds that some board members found it difficult to distinguish whether the project was actually an adaptation project or simply a traditional development project (Huq, 2018). This was the first time the GCF did not approve a funding proposal (Raman, 2017). The project was submitted by the United Nations Development Programme (UNDP) on behalf of Ethiopia, and was titled ‘Responding to the increasing risk of drought: building gender-responsive resilience of the most vulnerable communities.’ The proposal sought USD 99.6 million from the GCF, and it was likely the large amount of funding requested combined with the difficulty of distinguishing adaptation and development projects, that may have led to its rejection.\(^{16}\) The project was eventually approved in a revised form, though the GCF contribution is now USD 45 million. Interestingly, the accredited entity\(^{17}\) for the project changed from UNDP to the Ethiopian Ministry of Finance (GCF, 2017).

Attempts have been made within the GCF to establish official guidelines on how to enhance the ‘climate rationale’ of a project, but decisions on the guidelines have been pushed aside at numerous GCF board meetings, in part due to a feeling that they could place additional conditions on projects, making it even more

\(^{15}\) Pledged in the 2009 Copenhagen Accord, “Fast-Start Finance” (FSF) refers to “new and additional resources, including forestry and investments through international institutions, approaching USD 30 billion for the period 2010-2012.” FSF was seen as a testing ground for future climate finance initiatives, prior to the GCF (Brown et al., 2011).

\(^{16}\) Interviews with GCF officials, 2019.

\(^{17}\) See section below on “Accessing Adaptation Finance” for a detailed explanation of GCF accreditation.
difficult for them to be approved by the board.\textsuperscript{18} Included within the guidelines were attempts at increasing clarity on the distinction between adaptation and development. There are doubts as to whether these guidelines will ever be approved by the board, as they are seen by some members as too restrictive.

**Box 1 Climate Finance in Ethiopia**

| Ethiopia, like most countries in Africa, is highly vulnerable to the effects climate change, particularly in the agriculture sector, due to its economic reliance on agriculture. Agriculture employs over 83% of Ethiopia's working population and is the country's largest economic sector (CGIAR, 2015). The sector is dominated by smallholder farmers who rely on rainfed farming using traditional technologies, and are particularly vulnerable to the effects of climate change (Deressa, 2007). According to a report by CGIAR, "Low agricultural productivity and recurrent food insecurity have already put Ethiopia in a precarious situation, which will only be exacerbated by climate change and variability." (Mahoo et al., 2014) |

Despite the fact that Ethiopia has contributed to only 0.3% of global emissions, it has committed itself to reducing its GHG emissions by 64% by 2030. In many ways, Ethiopia is a model of successful integration of climate action into development planning: it was one of the first African countries to present a climate strategy at COP 21, and in 2011 it launched its National Climate Resilient Green Economy Strategy (AAI, 2018). The Climate Action Tracker, which rates countries’ NDCs against different climate scenarios, has rated Ethiopia’s NDC as one of the few that is considered "2C Compatible", meaning that it is consistent with the goal of limiting global warming to 2C above pre-industrial levels (CAT, 2019)(Mungai et al, 2018).

Emphasising the importance of agriculture in Ethiopia, the first pillar of Ethiopia’s green economy strategy is: “increasing crop and livestock productivity to ensure food security and improve farmers’ livelihoods while reducing emissions.” (AAI, 2018) In order to finance the strategy and respond to climate change, Ethiopia estimates annual spending of USD 7.5 billion. By 2014, national climate spending equalled about USD 440 million alongside international investment of tens of millions per year, which signals a large gap in financing for the strategy (Eshetu et al., 2014). Ethiopia’s Ministry of Environment, Forests and Climate spearheads the country’s green economy strategy and also works closely with the Ministry of Finance and Economic Development to develop project proposals to climate finance organisations such as the GCF (GGGI, 2017). Ethiopia now has a Climate Resilient Green Economy Facility that is used to mobilise and channel climate finance to projects throughout the country. It is through this facility that funding for Ethiopia’s first approved GCF project is distributed (GGGI, 2017). The facility operates within the Ministry of Finance and Economic Development, which is a Direct Access Entity of the GCF. Ethiopia’s green economy strategy and integration of environmental action into government policy can serve as models to be replicated in other African countries.

Despite clear progress made in accessing climate finance from the GCF, Ethiopia’s funding gap still remains. The country stands as an example of a struggle that will likely become increasingly common among LDCs: governments and communities showing a willingness to take serious climate action are met with the dilemma of how to find financing. Again, the principle of CBDR-RC comes in – the countries responsible for climate change must step in to provide sufficient finance.

**Within adaptation finance, how much is spent on agriculture?**

Despite the importance of agriculture in the global economy as well as its sensitivity to the effects of climate change, it has not played a prominent role in climate negotiations until recently (Kalfagianni, 2015). Agriculture is considered “a primary means by which the effects of climate change are transmitted to the poor” (Hertel and Rosch, 2010), and as a sector with very little financial return, it can be easy to brush aside for other, more exciting climate topics such as renewable energy. Since the omission of the word “agriculture” in the Paris Agreement, the topic has slowly climbed the policy ladder at the UNFCCC negotiations. At COP 24 in 2018, there was increasing attention paid to the issue as well as numerous side events dedicated to agriculture, soils, and food systems throughout the two week event (CGIAR 2018).

According to a report by the Climate Policy Initiative that gathered data on climate adaptation spending in developing countries, 21% of adaptation funding, an average of USD 5 billion in 2015 and 2016, went toward agriculture, forestry, and land use (AFOLU) adaptation projects (Micale et al., 2018). The same report then points out that 22% of the damages caused by climate-related disasters in developing countries between 2003 and 2013 occurred in the agriculture sector. This might indicate that the balance of agriculture spending within overall adaptation finance is only slightly lower than needed, but this is also dependent on the breakdown of the 21% of funding going toward AFOLU projects as a whole, as well as the fact that damages within the agriculture sector are likely to increase as the effects of climate change become more severe, thus a higher percentage of agriculture funding within overall funding for adaptation will likely be necessary.

\textsuperscript{18} Interviews with GCF officials, 2019.

\textsuperscript{19} See section below on “Direct Access Entities” for a detailed explanation of GCF accreditation.
When talking about adaptation, it is also important to think beyond repairing damages. Adaptation shouldn’t only be about reacting to disasters – it should also support transformation to more sustainable practices. Researchers at the World Resources Institute are highlighting the importance of transformative adaptation in agriculture, or “broad, fundamental, systemic changes in food production systems” to maintain food security in a changing climate (Carter, 2018).

Figure 3: Adaptation Finance by Sector (2015-16 average, in USD billion) shows the division of adaptation finance between different sectors globally.

At the aggregate level, the percentage of adaptation funding going toward the agriculture sector remains inadequate, as current spending on adaptation falls vastly short of the UNEP estimate of USD 140-300 billion per year needed to adapt to climate change (Micale et al., 2018). Even if developed countries honored their USD 100 billion per year pledge to the GCF, a 50:50 split between mitigation and adaptation would still not cover the estimated adaptation costs required (Micale et al., 2018). More specifically, increased adaptation finance is needed in the agriculture sector to move beyond reactionary adaptation and toward actively supporting farmers’ transitions to practices that will be more sustainable in the face of future climate change. This is particularly important in African countries, where adaptation support will be especially needed for smallholder farmers. These farmers typically have the least resources to cope with climate shocks and also contribute very little to GHG emissions (thus benefiting less from mitigation initiatives).

The EU and adaptation finance

As stated previously, the EU and its member states constitute the largest donor of climate finance to developing countries, but it is important to also analyze the different sectors being funded by the EU as well as the divisions between mitigation and adaptation funding (Dejgaard and Appelt, 2018). Climate finance from EU institutions and member states more than doubled between 2013 and 2016, increasing from EUR 9.5 billion in 2013 to EUR 20.2 billion in 2016 (Dejgaard and Appelt, 2018). This ambition is set to increase even further, with the European Commission (EC) proposing to dedicate 25% of all EU expenditure between 2021 and 2027 to climate objectives, though this is not yet finalised (EC, 2018). It seems that France and Germany wanted the percentage to be higher, but could not get a higher target approved in the Council.20

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Alongside its goal of increased climate financing, the EC also proposed a strengthening of climate action in the areas of agriculture and rural development (EC, 2018).

Within the EU, 59% of climate finance goes toward mitigation action and 41% toward adaptation (Grzebieluch et al., 2018)(Forster et al, 2017), but part of this imbalance may be due to the fact that a number of climate projects are seen, within DEVCO, as having both mitigation and adaptation benefits (called “co-benefits”), and some of these projects were reported only as mitigation projects in the final numbers. Of the total domestic and international climate spending in 2016, the European Commission (EC) and the European Development Fund (EDF) maintained a close balance between mitigation and adaptation at 55% for adaptation and 45% for mitigation, while the EIB only provided 4% of its climate finance toward adaptation projects (Dejgaard and Appelt, 2018). Though multilateral development banks (MDBs) such as the EIB and the World Bank have different priorities than development organisations and climate finance institutions, they play a significant role in climate finance and thus should also prioritise adaptation funding. The EIB’s 4% toward adaptation falls far below the average percentage of MDB financing for adaptation, which was 30% in 2018 (World Bank, 2019).

Figure 4: shows the distribution between adaptation and mitigation financing within the EC, EDF, and EIB.

Within the climate finance provided to developing countries by EU institutions and member states, the percentage of adaptation financing was even lower than the overall total of international and domestic climate finance, at approximately 30% in 2016 (Dejgaard and Appelt, 2018). Certain countries prioritise adaptation financing in developing countries more than others: Belgium, the Netherlands, and Sweden provided more than 60% of their climate finance for adaptation in 2016, while France and Germany only spent between 20-25% on adaptation (Dejgaard and Appelt, 2018).

Of the total climate finance provided by the EC, EDF, and EIB between 2013 and 2016, 19% went to LDCs. Most of this climate finance to LDCs comes from the EC and EDF, with the EIB only providing 8% of its climate finance for adaptation in LDCs (which is also below the average of other multilateral development banks) (Dejgaard and Appelt, 2018). In terms of regional division of climate finance from EU institutions,

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21 Interviews with DEVCO officials, 2019.
22 EC climate finance includes funds from the EC budget as well as from the EDF and EIB. The Act Alliance EU report considers EC budget and EDF funding together and compares those amounts with EIB funding (Dejgaard and Appelt, 2018).
23 “The European Development Fund (EDF) is the EU’s main instrument for providing development aid to African, Caribbean and Pacific (ACP) countries and to overseas countries and territories (OCTs).” (EC, 2019)
24 The European Commission, European Development Fund, and the European Investment Bank provide biennial reports on climate finance to the UNFCCC (Dejgaard and Appelt, 2018).
Africa received the largest share at 35% between 2013 and 2016, followed very closely by Europe (33%) and Asia (20%) (Dejgaard and Appelt, 2018).

The EC and EDF provide 99% of their climate finance in the form of grants, while the EIB primarily provides finance through different types of loans. The face-value of the EIB climate loans was EUR 1.95 billion in 2016, but a study commissioned by Act Alliance EU reports that the grant element of these loans is closer to the range of EUR 0.41 to EUR 1.11 billion, which is 21-51% of the reported face value (Dejgaard and Appelt, 2018). The report goes on to explain that this discrepancy is present across the board with climate finance reporting to the UNFCCC by all contributors, and could indicate that overall EU contributions (as well as global contributions) to climate finance have been overestimated.

While it is understandable that the EIB prioritises different aspects of climate finance, it should not be continually falling short of global averages for MDB adaptation finance. An increase in EIB funding for adaptation projects would help the EU to achieve a 50:50 balance between mitigation and adaptation.

Box 3 The EU Taxonomy

The European Commission established a technical expert group on sustainable finance (TEG) in 2018 in order to develop an EU classification system to determine the environmental sustainability of an economic activity (EC, 2018). This classification system is known as the EU Taxonomy, which was defined in detail in a report released in June 2019. The taxonomy outlines a list of activities in a variety of categories that can be considered “environmentally friendly” (TEG, 2019). Two of the primary environmental objectives of the taxonomy are mitigation and adaptation, along with the protection of water resources and pollution prevention (among other objectives). In order to be included in the taxonomy, economic activities must make a substantial contribution to at least one environmental objective, and do no significant harm to other environmental objectives (TEG, 2019). The taxonomy was designed in part as a framework for spurring further private-sector investment into climate projects to meet the Sustainable Development Goals (SDGs) and the Paris Agreement commitments.

While the taxonomy outlines specific activities that can be considered to have mitigation benefits, they recognise that adaptation is very location and context specific. As a result, they suggest a process-based approach25 when identifying projects that contribute to adaptation objectives (TEG, 2019). One of the key developments of this sustainable finance initiative and the taxonomy was that they brought adaptation to the same level as mitigation for the first time in EU policy.26

The EU taxonomy is a unique and interesting approach to outlining sustainable financial activities. As of now, it seems to apply only to projects within the EU, but in the future it could become a model for climate investment in developing countries. The taxonomy can provide more coherence to sustainable investment decisions (E3G, 2018), something that is sorely needed as defining sustainable activities can often be challenging.

The EU and the GCF

Three of the top five highest contributors to the GCF are European countries: the United Kingdom, Germany, and Sweden stand among the top five GCF contributors in the GCF’s first resource mobilisation (GCF, 2019). Collectively, EU member states have disbursed USD 4.78 billion to the GCF, making them the biggest provider of finance to the GCF. But while individual member states have contributed to the GCF, and can thus hold seats on the board, the European Union itself has not, and there appears to be an interesting political dynamic preventing it from contributing.

According to several sources, both within EU institutions and within the GCF itself, there is opposition to the EU becoming a GCF contributor.27 Certain countries, particularly the United States and Russia, apparently opposed this due to the prospect of member states and the EU having a double vote if the EU joined the board. A number of EU member states also opposed the idea as they did not want the EU to be representing them in the GCF. Due to administrative costs for each individual contribution, it could be strategic for member states to allow for a collective EU financial allocation to the GCF.28

25 The taxonomy recommends that investors assess the adaptation potential of a project based on three principles: reducing physical climate risks to the extent possible, not adversely affecting other adaptation efforts, and having adaptation-related outcomes that can be defined and measured (TEG, 2019).

26 Interviews with EU Sustainable Finance experts, 2019.

27 Interviews with GCF and EU officials, 2019.

28 Interviews with DEVCO officials, 2019.
2. Accessing adaptation finance

Despite the increased mobilisation of climate finance since the signing of the Paris Agreement, countries and communities in need of these funds have reported difficulties in accessing them. Large climate funds like the GCF have accredited entities through which they are able to disburse their funding, and many of these entities are large international organisations that are far removed from what is happening at the local and regional level in many climate-vulnerable countries. This presents a flaw in the current climate finance structure, as many are reporting barriers to accessing the finance that was pledged.

GCF accredited entities range from government ministries to large international NGOs to national and international development banks (Schalatek and Watson, 2018). As of July 2019, there are 88 accredited entities that channel GCF resources to projects around the world; in contrast, the GEF only has 18. While there is some criticism of the difficulty of becoming an accredited entity of the GCF, increasing the number of accredited entities would require the GCF to maintain a much larger operational staff. Another key challenge of expanding the GCF accreditation would be the difficulty of ensuring accountability and transparency of projects.

In a report examining how to improve access to climate finance for vulnerable states, the Commonwealth Expert Group outlined the key barriers to effective deployment of climate finance, shown in the table below.

Table 1: Reported Barriers Along the Climate Finance Chain outlines barriers to effective deployment of climate finance.

<table>
<thead>
<tr>
<th>Pledge</th>
<th>Make available</th>
<th>Allocate</th>
<th>Disburse</th>
<th>Use</th>
<th>Track</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of clarity over whether pledges were met and how</td>
<td>Large allocations made as loans not grants, so inaccessible to heavily indebted but climate vulnerable countries</td>
<td>Complex requirements which are specific to each particular fund</td>
<td>Channeling via intermediaries can add extra complexity and cost</td>
<td>Limited project management capacity</td>
<td>No agreed definitions for donors to track against</td>
</tr>
<tr>
<td>Lack of clear climate finance commitments from 2013-2020</td>
<td>Over 500 different mechanisms being used globally</td>
<td>Lengthy and highly technical processes to secure funds</td>
<td>Wide range of mechanisms, many which run outside recipient country systems for receiving and reporting on funds</td>
<td>Complex and restrictive procurement policies of funders can limit ability to deliver cost effectively</td>
<td>Very limited capacity for recipients to track in domestic systems due to fragmentation of finance</td>
</tr>
</tbody>
</table>

One of the primary barriers identified by organisations trying to access climate finance is the complexity of requirements needed to access each fund. To become an accredited entity of the GCF requires an extensive application process as well as strong fiduciary standards that are often beyond the institutional capacity of local organisations.

Another barrier to access exists at the sectoral level: only 2 out of the 88 accredited entities of the GCF represent the agriculture sector, and both are large international organisations (the Food and Agriculture Organisation and the International Fund for Agricultural Development). This shortage could limit the representation of agriculture in the GCF portfolio, while many of the countries and communities in need of GCF funds require action on agricultural adaptation. Nationally Designated Authorities (NDAs) of the GCF

29 Interviews with GCF officials, 2019.
30 Interviews with GCF officials, 2019.
31 NDAs or “focal points” of the Fund work as intermediaries between their country and the GCF Secretariat. They ensure that projects align with national needs, identify potential accredited entities (AEs), and develop projects to bring to the fund through AEs (GCF, 2015).
also tend to be Ministries of Finance, Foreign Affairs, or Environment, rather than Agriculture, which could also contribute to the lower-than-necessary focus on agriculture within the GCF portfolio. The World Farmers’ Organisation (WFO) has suggested adding an accredited entity from the agricultural community to the GCF: “The inclusion of one or more accredited entities from for example, the world’s agri-agencies and cooperatives, would enhance ownership of the implementation of the Paris Agreement amongst the global community of world farmers.” (WFO, 2019)(Agriterra et al., 2019).

Direct Access Entities

There are two types of GCF accredited entities that present project proposals to the GCF: International Access Entities (IAEs), such as UN agencies and MDBs, and Direct Access Entities (DAEs) (GCF, 2019). The GCF’s direct access modality allows developing countries to “exercise ownership of climate change funding and better integrate it with their national climate action plans.” (GCF, 2018) Public, private, or nongovernmental organisations can become DAEs if nominated by an NDA of the GCF. Through programmes such as the GCF Readiness Programme, the GCF provides technical assistance to help organisations through the accreditation process (GCF, 2018). As a DAE, an organisation can submit funding proposals to the GCF. To reference the earlier example of Ethiopia’s GCF funding proposal, the accredited entity changed from the UNDP (an IAE) to the Ethiopian Ministry of Finance (a DAE).

As of March 2019, the GCF approved USD 200 million for the Enhanced Direct Access (EDA) pilot programme that aims to channel financing to “homegrown” organisations in developing countries (GCF, 2019). The pilot aims to work with DAEs to develop more stakeholder-driven programmatic approaches that allow more decision-making power to be given to organisations at the country level. This strategy could be crucial to addressing the need for improved access to climate finance at the local level, but according to some observers, there are very few project proposals actually coming through to the EDA due to the stringent requirements for organisations receiving funding. Organisations that began the application for EDA have actually withdrawn their proposals because they were uneasy with the intensity of investigation into their finances. Though strong transparency standards are important in delivering climate finance, these standards also need to be realistic for the conditions that many NGOs are operating under in developing countries.

Finance at the local level

Given the shortage of climate funding for adaptation – a gap of more than USD 100 billion per year between the current spending and the necessary amount estimated by the UNFCCC – it comes as no surprise that many vulnerable communities are struggling to access climate finance. As researchers from the IIED estimated in 2017, only 10% of funding from international, regional, and national climate funds between 2003 and 2016 went to local climate activities (Soanes et al, 2017). Though this number is an estimate that does not capture the full extent of undisclosed information from donors, it does indicate that climate finance is failing to reach local actors.

Why is it important that finance be accessible at a local level? National policies can often be far removed from local needs and can fail to provide necessary services for local communities to sufficiently adapt to climate change (Sharma et al, 2013). Local people also have more intimate knowledge of their community’s needs, and are more aware of what interventions are likely to be successful in building resilience in their specific community context. For these reasons, improved local access to climate finance, particularly for adaptation, is essential.

While mitigation action is vital on global, regional, local, and individual scales, many of the communities most vulnerable to the effects of climate change have extremely low emissions rates, making mitigation less of a priority. Compounding the geographical inequity of the effects of climate change, most literature finds that “poor, natural resource-dependent, rural households will bear a disproportionate burden of adverse impacts.” (Agrawal, 2009) This is why local access to adaptation financing is particularly important. In order for communities to decrease their vulnerability and adapt to climate change, local action is required. Sufficient financing is needed in order for these communities to build resilience and adapt to a changing climate, and as is outlined by the principle of CBDR-RC, those countries that have contributed the most to climate change bear the responsibility of financing this climate action.
Decentralised climate finance

In order to address the challenges of channeling funding to the local level, the governments of Mali, Senegal, Tanzania, and Kenya are piloting decentralised climate finance projects in partnership with UK AID and IIED. Through these pilot projects that began in 2016, governments planned to establish mechanisms to access climate finance and channel it to “Climate Adaptation Funds” (CAF) at the local government level. 90% of the CAFs would be allocated toward community-prioritised investments, and 10% toward fund management (Lewis et al., 2017). The power of this approach is that it allows for quick and effective response to the adaptation needs of local communities (Greene, 2018).

A Tanzanian government official reported that as of 2019, the country has carried out pilot projects in three regions of Tanzania and the Ministry of Environment is now in the process of becoming a Nationally Designated Authority of the GCF, which would allow them to nominate regional, national or subnational institutions for accreditation to the GCF (GCF, 2018). While decentralisation is not the only solution for improving local access to climate finance, it presents a promising avenue that allows for the incorporation of local knowledge into adaptation planning processes.

3. Recommendations and conclusions

This briefing note seeks to provide a ‘global to local’ approach to understanding climate finance for agricultural adaptation. As a result, recommendations are posed at the international, national, and local level for various stakeholders and policy makers.

The Green Climate Fund

In an article for the Thomson Reuters Foundations, Laurence Tubiana, a French diplomat and key architect of the Paris Agreement stressed the importance of the GCF saying: “The GCF was born for a reason. Poor countries lack faith in the multilateral development banks. This was the fund to solve that. And while projects aren’t being funded fast enough, those that have been funded have been innovative and impactful.” (Tubiana, 2018)(CHN, 2018)

The GCF, despite some initial growing pains, plays a crucial role in the climate finance landscape, and will hopefully continue to do so in the future. In order to improve the overall effectiveness of this mechanism, and to ensure that GCF funding is reaching the communities most in need of climate finance, several steps need to be taken. As this briefing note coincides with the beginning of the first GCF replenishment process, now is the right time to discuss the following steps:

- **Prioritise the balancing of adaptation and mitigation funding.** The GCF’s commitment to 50:50 spending has yet to be reached. While mitigation action is vital to limit warming, adaptation action is far more important for poor communities already experiencing the effects of climate change.

- **Increase funding for projects in the agriculture sector.** Only 12 percent of GCF funding went toward projects with agriculture as the primary focus. This amount does not reflect the importance of agriculture in the NDCs of developing countries. As the sector responsible for livelihoods and food security in many regions, it should receive a higher share of GCF funding. Though the GCF does not allow thematic earmarking of funds, board members could agree on the importance of adaptation in agriculture as a broad sustainable development objective, and allocate funds accordingly, and by doing so also increase the effectiveness of the GCF.

- **Enable increased access to GCF funding, focusing on local actors.** In order to do so, the GCF should simplify procedures, which at present are too cumbersome for low income countries and under-resourced institutions; work with locally-focused organisations and enhance technical assistance for the GCF accreditation process and for project preparation; and pilot the decentralisation of the GCF decision-making process so to bring it closer to climate-vulnerable local contexts (while exploring the balance between effectiveness gains and the risks of the GCF becoming an implementing agency itself).

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• Move past the distinction between adaptation and development, or increase clarity on the GCF’s view on these distinctions. Understand that the two are closely linked, and fund projects that link adaptation and green development.

The European Union and its member states

As global leaders in climate action and the largest contributors to climate finance in the world, the EU and its member states should further lead by example for worldwide cooperation in the fight against climate change. This is especially important at this juncture, with a new European Commission starting its 5-year term at the end of 2019. To do so, EU institutions should:

• Align climate finance contributions with the needs identified in developing country NDCs and NAPs. This means funding priority sectors such as agriculture and increasing funding toward adaptation projects.
• Increase EIB funding for adaptation projects. The percentage of EIB funding for adaptation falls far below the averages for other multilateral development banks. As adaptation will only become more important in the future, the EIB must reassess its current climate finance distribution.
• Assess the potential of the European Union as a contributor to the GCF. If political economy dynamics between member states and EU institutions are the reason for the EU not allocating funds to the GCF, these issues should be further discussed, not least since the EU is the fourth-largest development donor globally. Increasing funding to the GCF should certainly be a priority due to its key role in providing finance to developing countries.

African governments and the African Union

Many national governments as well as regional and continental organisations in Africa have proven their prioritisation of climate adaptation through focused funding for these activities as well as international declarations, but there is still more to be done. In order to bridge the adaptation financing gap and increase resilience in vulnerable communities, African governments should:

• Integrate climate adaptation planning into all development and budgeting decisions. This will prevent the need for ‘reactionary adaptation’ that only occurs after damage has already been done.
• Further emphasise the importance of agricultural adaptation in Africa, in part by fast-tracking and co-financing the food-related parts of NAPs and NDCs and dedicating adequate and predictable funding from climate finance to foster environmental sustainability and climate adaptation in the food and agriculture sector of African countries. This may also include advocating for increased funding from the GCF to agriculture through the three African members of the GCF board (and possibly by selecting such board members from Ministries of Agriculture).
• Track finance flows to ensure that communities are receiving the finance they need. There will always be projects that need funding, and the government is often a key intermediary between these projects and climate finance. Governments should improve efforts to track current finance going toward adaptation projects and also identify new projects that need funding.
• Call on donors to dedicate greater shares of funding to decentralised climate funds. According to some sources, the LDC Group is advocating for 70% of climate finance to go to decentralised climate funds; the African Union (AU) could call for similar measures to enable funding to trickle down to local communities.
• More broadly, the African Union should be more effective at transforming its vision for an African-led response to the impact of climate change on agriculture (captured in the 2014 AU Malabo Declaration) into concrete support for operationalising and financing the agricultural adaptation plans of the AU member states. As put forward by senior AU officials, “financing adaptation within the agriculture sector represents perhaps the single most important element for Africa to meet the challenges of climate change” (Fotabong, 2016), but continental level efforts such as the AU-led “Africa Climate Smart Agriculture Alliance” have not yet led to concrete progress (Knaepen et al, 2015).

33 Interviews with officials from the Global Commission on Adaptation, 2019.
Local actors

Local actors have the best understanding of what their communities need in order to build resilience. To increase their capacity to access climate finance they can:

- **Work with international organisations to improve their fiduciary standards in order to become accredited entities to the climate funds.** Though requirements can be stringent, climate finance actors are beginning to understand the importance of including local NGOs, municipalities and other local actors in climate finance delivery. There are organisations such as the Global Green Growth Institute that work with national governments and local actors to become direct access entities to the GCF, and local communities can tap into these resources in order to access climate finance.

- **Gather and share knowledge with community members about adaptation needs.** Having a deep understanding of the community’s priorities for climate action enables local actors to have clear goals when applying for climate finance.

- **Collect data on local adaptation projects.** One of the key challenges reported throughout adaptation finance research is a lack of data on adaptation action, impact, and spending. If local actors are able to collect data from community adaptation projects, they can identify key areas to focus future financing.

Strengthening existing initiatives and partnerships

Stakeholders and policy-makers in Europe and Africa, climate finance institutions such as the GCF, and local actors can contribute to more effective and inclusive adaptation finance, especially for agriculture, by joining and supporting existing initiatives and multi-stakeholder partnerships. In line with the scope of this briefing note, a non-exhaustive list of initiatives and partnerships worth strengthening include:

- **At the global level, the Global Commission on Adaptation (GCA)**\(^{34}\) will release its flagship report on how to accelerate adaptation around the world just ahead of the UN Climate Summit in September 2019. After that, the GCA will facilitate a **Year of Action** to advance its recommendations and the related action tracks, including one on agriculture and food security. All relevant stakeholders should rally behind this initiative to increase resilience to climate change for smallholder farmers in low-income countries, and share lessons on adaptation financing at the Climate Adaption Summit hosted by The Netherlands in October 2020, when the results from the Year of Action will be presented.

- **Other** examples of global initiatives and partnerships that need stronger political support and means of implementation include the **NAP Global Network**\(^{35}\), a coalition of adaptation decision-makers and practitioners from developing countries and bilateral development partners working on National Adaptation Plan processes; and the **Global Alliance for Climate Smart Agriculture** (GACSA), a multi-stakeholder platform focusing on knowledge and practice sharing. GACSA also facilitates an action group on “investment”, with the objective of providing services and addressing knowledge gaps required by members and other entities to undertake their CSA interventions. Stronger support to the NAP Global Network and GACSA by Europe, African and climate finance institutions and relevant local actors would be very timely since both networks are looking to expand their membership and enhance partnerships to up-scale CSA and adaptation projects around the world.

- **At the continental and regional level, the EU, AU and their member states have committed, through a **Joint AU-EU Agricultural Ministerial Declaration and Action Agenda issued in June 2019**, to “intensify cooperation in sustainable agriculture/ rural development/ forest management, agroforestry, sustainable food systems through the initiatives provided for in the Action Agenda, seeking synergies with other national-led actions such as the NAPs”\(^{36}\). In addition to the recommendations posed above to European and African policy makers respectively, much more could be done on climate finance for agricultural adaptation through cooperation between Europe and Africa. As part of this cooperation, all relevant stakeholders should concretely support and co-finance such AU-EU Action Agenda in relation to adaptation and agriculture. Important next steps include: implementing the recommendations on climate action recently made by the **Task Force Rural Africa**\(^{37}\) (set up by the EC with support from the AUC); engaging with climate finance mechanisms such as the **GCF together as a Europe-Africa coalition** (of the largest contributors to such mechanisms and the

\(^{34}\) [https://gca.org/global-commission-on-adaptation](https://gca.org/global-commission-on-adaptation)

\(^{35}\) [http://napglobalnetwork.org](http://napglobalnetwork.org)

\(^{36}\) See [here](https://www.ecdpm.org/bn111) the full text of this AU-EU Ministerial Declaration and Action Agenda

\(^{37}\) See relevant parts of the **TFRA Report** in chapter 4 and 7
continent most in need of agricultural adaptation) in order to channel more climate funds to agriculture in Africa (e.g. in the framework of the US$16 billion AU Climate Business Plan).

- **Last** but not least, European, African and climate finance institutions should join and strengthen the relevant existing initiatives and partnerships on adaptation at the local level. Some of the most innovative and impactful approaches, projects, and multi-stakeholder platforms currently implementing climate action are happening at the **urban and territorial levels**, for instance through **municipalities and their networks** such as the ‘C40 Cities’ and the ‘Milan Urban Food Policy Pact’.38 Supporting and scaling-up these local initiatives and partnerships through climate finance and adaptation policy improvements from the national and international levels, as well as through a stronger focus on the food and agriculture sector, would greatly contribute to accelerating adaptation around the world.

## Conclusions

Adaptation financing is not reaching the communities that need it most, and current flows of climate finance **do not reflect the priorities identified by developing countries in their NDCs and NAPs** – particularly with regard to financing agricultural adaptation. The agriculture sector has been continually underrepresented in climate negotiations, and climate finance reflects that trend. If developed countries are to uphold their climate finance commitments and continue to act under the principle of CBDR-RC, they should direct increased funding to adaptation in the agriculture sector.

The EU, as the largest collective funder of the GCF, should emphasise its goal of **prioritising funding for activities in the agriculture sector** and balance it’s adaptation and mitigation spending. As climate finance institutions grow in the coming years, they must find ways to **enable greater access to their resources**. The GCF has great promise, but it must prioritise serving the interests of developing countries (and particularly LDCs and African countries), which means funding projects that align with countries’ NDCs and NAPs.

As climate change increasingly threatens communities around the world, climate finance must **step up to the challenge of effectively helping communities adapt, both to address the damages that have already occurred and to promote transformation** – with a focus on systemic changes in food production, distribution and marketing systems – that offer the potential to maintain and enhance food security and reduce the risk of climate-related crisis. Through greater prioritisation of the sectors identified as most threatened by the effects of climate change, such as the agriculture and water sectors, as well as more inclusive access to funding and project design, climate finance can better serve the needs of vulnerable groups.

With the aim of contributing to such processes and the international debate on adaptation financing, this briefing note highlighted several opportunities to enhance the focus on the agriculture sector within climate finance and increase local access to much-needed adaptation funding. **ECDPM will continue to work with partners in Africa, Europe and beyond**, to improve policy-relevant evidence and to facilitate **multi-stakeholder dialogue** around these important topics and the recommendations outlined here.39

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38 C40 Cities & Milan Urban Food Policy Pact
39 For an overview of ECDPM’s work on climate change and agricultural adaptation issues, please see [https://ecdpm.org/dossiers/climate-change/](https://ecdpm.org/dossiers/climate-change/)
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