



## **Adaptation SME Accelerator Project (ASAP)**

### **Part I: Project Information**

#### **GEF ID**

10296

#### **Project Type**

MSP

#### **Type of Trust Fund**

SCCF

#### **CBIT/NGI**

CBIT

NGI

#### **Project Title**

Adaptation SME Accelerator Project (ASAP)

#### **Countries**

Global

#### **Agency(ies)**

CI

**Other Executing Partner(s):**

Lightsmith Group (“Lightsmith”)

**Executing Partner Type**

Private Sector

**GEF Focal Area**

Climate Change

**Taxonomy**

Type of Engagement, Stakeholders, Communications, Gender Equality, Focal Areas, Climate Change, Climate information, Climate Change Adaptation, Climate finance, Private sector, Consultation, Participation, Partnership, Information Dissemination, Public Campaigns, Strategic Communications, Private Sector, SMEs, Gender Mainstreaming, Sex-disaggregated indicators, Women groups, Gender-sensitive indicators, Beneficiaries, Gender results areas, Knowledge Generation and Exchange, Access to benefits and services, Climate Change Mitigation, United Nations Framework Convention on Climate Change

**Rio Markers****Climate Change Mitigation**

Climate Change Mitigation 0

**Climate Change Adaptation**

Climate Change Adaptation 2

**Submission Date**

6/27/2019

**Expected Implementation Start**

8/30/2019

**Expected Completion Date**

8/28/2021

**Duration**

24In Months

**Agency Fee(\$)**

179,595

**A. FOCAL/NON-FOCAL AREA ELEMENTS**

<b>Objectives/Programs</b>	<b>Focal Area Outcomes</b>	<b>Trust Fund</b>	<b>GEF Amount(\$)</b>	<b>Co-Fin Amount(\$)</b>
CCA-1	Outcome 1.2: Innovative financial instruments and investment models enabled or introduced to enhance climate resilience	SCCF	793,399	260,725
CCA-2	Outcome 2.1: Strengthened cross-sectoral mechanisms to mainstream climate adaptation and resilience	SCCF	602,098	133,034
CCA-3	Outcome 3.1: Climate-resilient planning enabled by stronger climate information decision-support services, and other relevant analysis	SCCF	300,000	106,241
CCA-3	Outcome 3.2: Institutional and human capacities strengthened to identify and implement adaptation measures	SCCF	300,000	
<b>Total Project Cost(\$)</b>			<b>1,995,497</b>	<b>500,000</b>

**B. Project description summary**

**Project Objective**

Build the ecosystem of SMEs involved in adaptation and climate resilience in developing countries through a program of market mapping, convening and network building, and incubation/acceleration.

<b>Project Component</b>	<b>Financing Type</b>	<b>Expected Outcomes</b>	<b>Expected Outputs</b>	<b>Trust Fund</b>	<b>GEF Project Financing(\$)</b>	<b>Confirmed Co-Financing(\$)</b>
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Component 1: Map Companies and Markets	Technical Assistance	Outcome 1.1: Improved understanding of the global landscape of adaptation and resilience enterprises	Output 1.1.1: Documents outlining the Adaptation Taxonomy, the principles of definition, and how the taxonomy is consistent with existing approaches prepared	SCCF	807,838	259,150
			Output 1.1.2: 300 SMEs engaged in climate resilience and adaptation, with at least 100 SMEs from each of three regions: Latin America, Africa, and Asia identified			
			Output 1.1.3: Climate resilience and adaptation markets in three regions summarized, including estimated market sizes, market segments, and key drivers			
		Outcome 1.2: Detailed knowledge gained on Adaptation SMEs and investible opportunities in resilience and adaptation	Output 1.2.1: SMEs engaged and profiled			
			Output 1.2.2: At least 2 investment case studies for investment pipeline per region for a total of 6-12 case studies published			

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Component 2: Organize Regional Adaptation SME Networks	Technical Assistance	<p>Outcome 2.1: Greater understanding of the investment and business support needs and opportunities surrounding Adaptation SMEs in each region</p> <p>Outcome 2.2: Creation of a central, online repository of Adaptation SMEs for use by key stakeholders (SMEs themselves, investors, et al.)</p> <p>Outcome 2.3: Greater awareness and capacity of host governments to accelerate Adaptation SMEs in their countries</p>	<p>Output 2.1: At least three regional convenings held, one in each region (Africa, Asia, Latin America)</p> <p>Output 2.2: Adaptation SME Database website online with SME opt-in functionality launched</p> <p>Output 2.3: Consultations held with at least two host governments in each region on policy and market support for Adaptation SMEs</p>	SCCF	439,458	34,272

<b>Project Component</b>	<b>Financing Type</b>	<b>Expected Outcomes</b>	<b>Expected Outputs</b>	<b>Trust Fund</b>	<b>GEF Project Financing(\$)</b>	<b>Confirmed Co-Financing(\$)</b>
Component 3: Launch Adaptation SME Accelerator Programs	Technical Assistance	Outcome 3.1: Partner with accelerator organizations to launch the Adaptation SME acceleration program	Output 3.1.1: Summary list of potential partners for Adaptation SME support prepared  Output 3.1.2: “Toolkit” document and presentation for partner incubators/accelerators prepared  Output 3.1.3: LOIs or MOUs signed with partner organizations  Output 3.1.4: “Toolkit” by partner incubators/accelerators adopted  Output 3.2.1: By end of second year, first Adaptation SMEs apply for inclusion in accelerator/incubator programs  Output 3.2.2: By end of second year, first Adaptation SMEs are selected for and begin participating in accelerator/incubator programs  Outcome 3.2: Successful demonstration and initial scaling of support for Adaptation SMEs in pilot	SCCF	566,793	42,942
			Output 3.2.3: Program funding for signed partner programs secured and distributed; list of additional			

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
				<b>Sub Total (\$)</b>	<b>1,814,089</b>	<b>336,364</b>
<b>Project Management Cost (PMC)</b>						
				SCCF	181,408	163,636
				<b>Sub Total(\$)</b>	<b>181,408</b>	<b>163,636</b>
				<b>Total Project Cost(\$)</b>	<b>1,995,497</b>	<b>500,000</b>

**C. Sources of Co-financing for the Project by name and by type**

<b>Sources of Co-financing</b>	<b>Name of Co-financier</b>	<b>Type of Co-financing</b>	<b>Investment Mobilized</b>	<b>Amount(\$)</b>
Donor Agency	Inter-American Development Bank (IDB) (For market mapping in Latin America)	Grant	Investment mobilized	100,000
GEF Agency	Conservation International	Loans	Investment mobilized	150,000
Donor Agency	Other Multilateral Development Banks	Grant	Investment mobilized	100,000
Others	Accelerators/Incubators	In-kind		150,000
			<b>Total Co-Financing(\$)</b>	<b>500,000</b>

**Describe how any "Investment Mobilized" was identified**

For this project, co-financing from the IDB, CI and Lightsmith is considered investment mobilized as the sources of funding are not linked to recurring expenditures from any of the co-financiers and are time-bound within the period of performance of this GEF project.

**D. Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds**

<b>Agency</b>	<b>Trust Fund</b>	<b>Country</b>	<b>Focal Area</b>	<b>Programming of Funds</b>	<b>Amount(\$)</b>	<b>Fee(\$)</b>
CI	SCCF	Global	Climate Change	NA	1,995,497	179,595
<b>Total Grant Resources(\$)</b>					<b>1,995,497</b>	<b>179,595</b>

**E. Non Grant Instrument**

**NON-GRANT INSTRUMENT at CEO Endorsement**

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Includes Non grant instruments? **No**

Includes reflow to GEF? **No**

**F. Project Preparation Grant (PPG)**

**PPG Amount (\$)**

35,000

**PPG Agency Fee (\$)**

3,150

<b>Agency</b>	<b>Trust Fund</b>	<b>Country</b>	<b>Focal Area</b>	<b>Programming of Funds</b>	<b>Amount(\$)</b>	<b>Fee(\$)</b>	
CI	SCCF	Global	Climate Change	NA	35,000	3,150	
					<b>Total Project Costs(\$)</b>	<b>35,000</b>	<b>3,150</b>

**Core Indicators**

**Indicator 11 Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment**

	<b>Number (Expected at PIF)</b>	<b>Number (Expected at CEO Endorsement)</b>	<b>Number (Achieved at MTR)</b>	<b>Number (Achieved at TE)</b>
<b>Female</b>		67		
<b>Male</b>		133		
<b>Total</b>	0	200	0	0

## Part II. Project Justification

### 1a. Project Description

#### 1) The global environmental problems, root causes and barriers that need to be addressed (systems description):

Between 1998 and 2017, disasters triggered by natural hazards caused USD 2.2 trillion in economic damages worldwide, with floods and storms accounting for 69% of these damages[1]<sup>1</sup>. Floods, storms, and drought together affected over 4 billion people in this period, and these natural hazards are expected to increase in frequency and/or intensity due to climate change[2]<sup>2</sup>. Climate-related disasters also disproportionately affect developing countries[3]<sup>3</sup>. Different economic sectors have varying exposure to climate change. For example, the FAO has found that in developing countries, the agriculture, fisheries, and forestry sectors absorbed 26% of all damages caused the floods, drought, and storms[4]<sup>4</sup>.

To address these impacts of climate change, massive investments in adaptation are needed. The United Nations Environment Program (UNEP) estimates that the costs of adaptation in developing countries alone could be as high as USD 300 billion/year by 2030[5]<sup>5</sup>. Yet less than 5% of public climate finance is currently being directed towards adaptation or resilience[6]<sup>6</sup>. Beyond the public sector, there is very little private sector capital being mobilized to address climate adaptation and resilience[7]<sup>7</sup>, even though Article 7 of the Paris Agreement established a Global Goal on Adaptation of “enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change.”[8]<sup>8</sup>

There is a particularly acute dearth of adaptation financing channeled through small enterprises. The UNEP 2018 Adaptation Gap report notes, “International public finance could also go further in supporting micro, small and medium enterprises as key private-sector actors for adaptation. Locally embedded formal and informal micro, small and medium

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enterprises often have a ‘social license’ to operate, disseminating vital climate information to others, but they generally lack access to climate finance.”[9]<sup>9</sup> CPI reports that adaptation finance through SMEs has been particularly challenging: “These barriers are considerably more significant for small and medium-sized enterprises (SMEs) in developing countries, due to their limited financial capacity to fund upfront costs of investment. Additionally, SMEs struggle with reduced access to financial services as their size leads to higher transaction costs for lending institutions, and they are often perceived as riskier investments.”[10]<sup>10</sup>

ASAP’s strategy rests on three realizations:

- 1) Climate change is already causing real, substantial damage and loss to businesses and communities now;
- 2) Little is being invested systematically against addressing the adaptation and climate resilience challenge; and
- 3) Companies exist today that have technologies and solutions that can assess and address the risks and impacts being increased by climate change (“Adaptation SMEs”).

The implication of these three realizations is that there is opportunity to immediately begin to catalyze greater private sector action on adaptation by identifying these Adaptation SMEs, supplying them with useful market information, convening them together with potential customers that need these solutions and with other market participants, and including these SMEs in existing incubator and accelerator programs so they can be scaled up and can succeed in attracting capital.

Several key barriers stand in the way for private sector action and investment in climate adaptation and resilience, including:

· ***Low awareness about climate resilience and adaptation solutions.*** Companies and communities lack awareness of the range of climate adaptation and resilience solutions that are available to them (such as climate-smart supply chain analytics software, for example). This is one of the main barriers to the growth of markets for climate resilience and is preventing businesses and communities from becoming more climate resilient. The companies with resilience solutions, even though they may offer products and services that address the impacts of climate change, often do not directly identify or market these products and services as climate solutions[11]<sup>11</sup>. While there are growing calls to increase adaptation, there is still little agreement as to what qualifies as adaptation, and how it should be measured[12]<sup>12</sup>. This project will help to increase awareness of the range of

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climate resilience solutions by mapping resilience companies and markets and by building the taxonomy of climate resilience and adaptation technologies. This will help to build market awareness and demand for climate resilience solutions in both developed and developing countries, supporting the development of Adaptation SMEs.

· ***Lack of supply or availability of climate resilience and adaptation solutions in developing countries.*** There is not enough availability of climate resilience solutions in developing countries. While other projects focus on technology transfer from developed countries, ASAP focuses on identifying and supporting SMEs in developing countries to increase the supply of these solutions. As noted above, one way to do that is to help SMEs apply their existing solutions to the risks and impacts of climate change to expand their climate adaptation and resilience-related business lines, including into adjacent sectors and geographies. UNEP’s Adaptation Gap report notes both a critical need to accelerate uptake of resilience technologies within developing countries in which they are already present, as well as a need for international technology transfer.[13]<sup>13</sup>. The Climate Policy Initiative’s December 2018 report Understanding and Increasing Finance for Climate Adaptation in Developing Countries noted that “barriers related to the capacity of companies to scale-up their adaptation product businesses, especially in developing countries” has been a key obstacle to investment in adaptation.[14]<sup>14</sup>

· ***Lack of operating and financing capacity among Adaptation SMEs.*** As with other SMEs the world over and particularly in developing countries, adaptation and resilience SMEs frequently lack business capacity, access to capital and affordable working space, technology, market intelligence, networks, mentorship, legal services, and back-office support, among other services, assets, and business inputs frequently provided by business incubators and accelerators. By working with existing incubators and accelerators to include adaptation and resilience SMEs in their programs, these business support mechanisms can be delivered in a targeted manner to adaptation and resilience SMEs that need support.

• ***Lack of policy support in creating enabling environments for Adaptation SMEs.*** More robust policy frameworks are needed to support access to finance for SMEs generally, and specifically as it relates to Adaptation SMEs, the lack of a clear, harmonized taxonomy and unified definitions further make it difficult for governments to create policies and programs that support Adaptation SMEs (e.g., programs that increase access to capital/markets and other resources necessary for scaling SMEs).

SMEs can play an important role in adaptation but currently face particular challenges in addressing the Adaptation Gap. SMEs generate at least 45% of employment and as much as 33% of GDP in developing countries (and even greater percentages if the informal sector is accounted for)[15]<sup>15</sup>. In addition, there are companies – including SMEs in developing countries – that have existing technologies, products, and services that can help to assess and address the risks increased by climate change. That said, SMEs have received very limited focus as potential sources of adaptation innovation and local capacity. Identifying and supporting the development and deployment of adaptation solutions by SMEs in developing countries can help to overcome the barriers of uncertainty and limited capacity that are holding back investment in climate adaptation.

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ASAP will support market entry and application of climate resilience solutions in developing countries, including reaching low income countries, by providing technical assistance directly to local SMEs. By connecting local Adaptation SMEs with incubators/accelerators, ASAP can provide a range of technical assistance to de-risk and overcome the barriers to market entry and initial deployment of a SME's climate resilient products and services.

## **2) The baseline scenario and any associated baseline project**

In the absence of the project, the baseline scenario would be characterized by continued challenges and barriers to increasing the awareness of and adoption of climate resilience solutions in developing countries, as noted in section 1(a)(1) above.

Without the project, private sector adoption of climate resilience solutions in developing countries would likely continue at relatively at low levels with a slow development trajectory. This hypothesis is supported by:

- As described above, less than 5% of public climate finance tracked by the Climate Policy Initiative had adaptation as a principal objective, and even less than that can be attributed to the private sector;
- The private sector lacks the information and data needed to systematically account for climate change impacts and risks, and efforts to respond to extreme weather events would continue to occur in a reactive and ad hoc manner based on past events and not in a forward-looking manner that systematically accounts for climate change;
- Capital mobilization from the private sector would continue to be challenged, as would capacity in the private sector to generate information and scale up products and services; and
- To the extent there was increased public and private financing for adaptation, very little of that financing would be likely to reach SMEs, particularly as leading experts such as UNEP and CPI have identified SMEs as a particular challenge for the overcoming the Adaptation Gap.

### **Baseline Projects:**

Project Name	Years (Start-End)	Budget (USD millions)	Donor(s)	Objectives & Relevance to ASAP
Global Cleantech Innovation Programme (GCIP)[16] <sup>16</sup>	2011-Present	11.1	GEF	The GCIP aims to support SMEs in the cleantech sector. Cleantech SME projects are selected for an accelerator program, similar to the accelerator/incubator program (Component 3) envisioned for the ASAP program (but where ASAP is specifically targeted towards Adaptation SMEs).
IDB Proadapt[17] <sup>17</sup>	2013-Present	12	NDF	Proadapt is a 5-year program to assist MSMEs in Latin America and the Caribbean to respond to climate risks and become more resilient and to build awareness and knowledge of climate resilience generally. Proadapt was one of the first programs to focus on building climate resilience, but unlike ASAP doesn't focus on SMEs themselves as resilience solutions providers and is limited to one region.
IDB Lab[18] <sup>18</sup>	1992 - Present	Undisclosed	IDB	The IDB Lab helps to support innovative projects and early stage ventures in Latin America. Like ASAP, it also involves an accelerator program that provides technical assistance and funding support.
Global Innovation Lab for Climate Finance[19] <sup>19</sup>	2014 – Present	Undisclosed	Bloomberg Philanthropies, Rockefeller Foundation, UK BEIS, Germany BMU/GIZ, Netherlands MFA Australia DFAT, UN IFAD, Shakti Sustainable Energy Foundation	The Lab selects innovative ideas, and helps to develop them for implementation through PPPs, technical assistance, analysis, and stress testing. In essence, it is an incubator program, but for climate finance solutions from the public and private sectors. ASAP will build on the Lab's success combining the public and private sectors to catalyze private investment in adaptation solutions.

Important associated baseline projects include the work the Executing Agency, Lightsmith Group, has completed to date on the Climate Resilience and Adaptation Financing & Technology Transfer Facility (CRAFT). Lightsmith's implementation of CRAFT has highlighted the need for ASAP, to develop the ASAP concept, and to begin to identify a range of climate resilience SMEs, including achieving the following:

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· Lightsmith Group has identified 20 market segments relevant to climate resilience totaling \$130 billion in current annual spending and has mapped over 800 companies worldwide in these segments offering technologies, products, and services that can help to assess or manage climate-related risks and impacts. Most of the companies identified so far are in developed countries. The ASAP project will deepen that work in developing countries.

· The Global Cleantech Innovation Programme (GCIP), the IDB Lab, and the Global Innovation Lab for Climate Finance, among others, have done foundational work on the incubation of SMEs, support for climate change innovation, and development of innovative financing for climate solutions, all related to enterprise development in adaptation and resilience on which ASAP will build (see table above).

### **3) The proposed alternative scenario, with a brief description of the outcomes and components of the project**

The project, described in more detail below, will support an alternative scenario that can substantially increase the market awareness and success of adaptation-focused SMEs in developing countries.

The overall purpose of the project is to catalyze the markets for climate resilience and adaptation solutions in developing countries and promote greater use of these solutions by customers. The project will do this by building the ecosystem of SMEs involved in adaptation and climate resilience in developing countries through a program of market mapping, convening and network building, and incubation/acceleration. Project activities will include: refining the taxonomy of the range of climate resilience solutions and segments, mapping companies and markets, sharing market information with market participants, building networks and holding convenings of adaptation-focused SMEs regionally, and enabling existing incubator and accelerator programs to begin enrolling and supporting adaptation-focused SMEs.

#### **Component 1: Map Companies and Markets**

This component will identify and map SMEs providing climate resilience and adaptation solutions in developing countries (“Adaptation SMEs”) on a regional basis (e.g., Africa, Asia, Latin America), including the development and maintenance of an Adaptation SME database and related publications. The component will also gather information on market size and function for different climate resilience solutions market segments in selected key developing countries. Publish and disseminate resulting information and reports.

This component would include (a) drafting of principles for definition resulting in a taxonomy for adaptation and climate resilience investments; (b) a mapping of at least 300 SMEs involved in adaptation and climate resilience technologies and solutions; and (c) completing case study profiles of sample climate resilience companies. The taxonomy would be harmonized with the EU's TEG, GARI, and other approaches. This component would produce a publicly shareable presentation and an accompanying memo that could be used to inform and engage public and private actors to help build markets and investment for climate resilience in the three regions. This component would identify SMEs involved in climate resilience and adaptation activities ("Adaptation SMEs") by using the Adaptation Taxonomy (grounded in principles of definition) to identify and engage corresponding SMEs providing (i) data, analytics, and other actionable information ("resilience intelligence") and (ii) physical products and services ("resilience solutions") that correspond to the Adaptation Taxonomy.

NOTE: This Component directly serves *Objective 2: Mainstream climate change adaptation and resilience for systemic impact*, in several ways:

- It helps to establish and disseminate a **taxonomy** of companies engaged in climate resilience and adaptation harmonized with other approaches
- It identifies, engages, and helps increase the **awareness of SMEs** involved in activities that fit into the taxonomy of the need and opportunity for climate resilience and adaptation
- It develops, summarizes, and **publishes** information about the market for SMEs engaged in adaptation and climate resilience **to the public and other stakeholders**

### **Outcome 1.1: Improved understanding of the global landscape of adaptation and resilience enterprises**

- Develop a draft taxonomy of adaptation and climate resilience technologies and solutions (the "Adaptation Taxonomy") grounded in principles of definition that can help to define the types of SMEs involved in climate resilience and adaptation; develop principles of definition such as a process approach that identifies specific climate vulnerabilities, technologies and solutions that address those definitions, and approaches to measuring the impact of those technologies and solutions on those vulnerabilities; develop the taxonomy consistent or harmonized with existing approaches to climate resilience and adaptation taxonomies, such as that being developed by the European Union Technical Expert Group (TEG), GARI, and other entities; use desk research and engagement with experts to develop a taxonomy approach, considering specific example categories as well as principles for describing companies involved in adaptation and climate resilience. As the baseline, a taxonomy has not been developed.
- Identify Adaptation SMEs in developing countries using desk research and outreach to experts and partners such as IDB Invest and IDB Lab, other MDBs and DFIs, and private sector investors in SMEs. This outcome would include identifying at least 100 adaptation companies in each of the three regions (Latin America, Africa, and Asia). Efforts would focus on certain core countries in each region (e.g., India, Brazil, South Africa, Kenya) and in certain core subsectors such as agricultural analytics, water efficiency, and weather forecasting that have the most relevance to key climate vulnerabilities such as drought and severe storms, but would also include companies in other countries and subsectors beyond the core focus. As the baseline, 120 companies in developing countries have been identified through the CRAFT project.

- Using desk research and engagement with experts and partners in each region, collect and summarize market information on SMEs engaged in climate resilience, including estimated market sizes, market segments, and key drivers. This will focus on certain core countries in each region (*e.g.*, India, Brazil, South Africa, Kenya) and in certain core subsectors such as agricultural analytics, water efficiency, and weather forecasting that have the most relevance to key climate vulnerabilities such as drought and severe storms, but would also include companies in other countries and subsectors beyond the core focus. As the baseline, no market information for developing countries has been collected, aggregated, and summarized, and 35 SMEs have been engaged through the CRAFT project.

*Output 1.1.1:* Documents outlining the Adaptation Taxonomy, the principles of definition, and how the taxonomy is consistent with existing approaches prepared

- This output focuses on the crucial Adaptation Taxonomy, which will be utilized for incubators/accelerators in the program to select Adaptation SMEs. The target for this output is to develop principles of definition that identify specific climate vulnerabilities, technologies and solutions, solutions on those vulnerabilities. Definitions of the taxonomy are consistent and harmonized with existing approaches to climate resilience and adaptation taxonomies. To achieve this output, indicative activities include extensive research and investigation into existing SMEs that offer climate adaptation and resilience solutions, engagement with experts, as well as current and potential customers of such products and services.

- The ASAP Adaptation Taxonomy is expected to differ from existing methodologies that are in-process, as it is a new approach to establishing a definition, principles, a white list, or some combination of all of these approaches that can identify and classify SMEs in developing countries involved in adaptation and climate resilience. While there are existing initiatives to identify and size markets relevant to climate adaptation and resilience, to date there has not been a methodology or taxonomy squarely focused on adaptation technologies, products and services from SMEs in developing countries.

- The ASAP Adaptation Taxonomy will also be the first to link its definition to a theory of change around identified climate vulnerabilities under specific scenarios and geographies on one side and to an approach to measuring impact on climate action, the SDGs, and gender on the other:

- o Climate Vulnerability (IPCC, specific forecast scenario, geography) à Taxonomy Principles/Definitions/White List (responding to climate vulnerability) à Impact Measurement System

- The ASAP Adaptation Taxonomy will create additionality in three key ways: (1) by mapping and harmonizing the disparate set of existing methodologies (all of which are geography-, asset-, and/or instrument-specific today) for trying to identify or define adaptation and climate resilience, (2) by building upon existing methodologies to create definitions that can be used for SMEs with adaptation technologies, products, and services in developing countries specifically, and (3) by tying the taxonomy to measurement and specific KPIs.

- For example, MARCO – a project coordinated by Climate-KIC – seeks to map and define the “climate services” market in Europe, which includes tools, products, data and services for both mitigation and adaptation. ASAP’s Adaptation Taxonomy is additive in that (1) it will squarely focus on defining the market for adaptation (which is critical to

measuring progress made in closing the adaptation funding gap) and (2) would seek to refine the MARCO taxonomy by expanding the taxonomy to be applicable to developing countries as well.

- There are examples of other existing efforts (below), but these all are still in-process, have not yet created harmonized definitions and categories, include definitions for different non-cohesive purposes (e.g., instrument- or asset-focused definitions), and/or are geography-specific:
  - o EU Technical Expert Group – focused on both mitigation and adaptation, and solely focused on Europe; taxonomy is focused on defining sustainable activities as opposed to categorizing/mapping specific companies
  - o Climate Bonds Initiative Adaptation and Resilience Expert Group – instrument- and asset-class focused (e.g., project finance, bonds), as opposed to categorizing/mapping specific companies or direct solutions
  - o GARI – the working group has published discussions papers identifying adaptation companies, but this has not yet developed into a taxonomy with definitions
  - o MUMMS “Private Sector in Action for Adaptation” Study from 2017 identified 2,400 Japanese companies with solutions that could be oriented towards adaptation, but the study did not result in a taxonomy with clear definitions; it was also focused only on Japanese companies

*Output 1.1.2: 300 SMEs engaged in climate resilience and adaptation, with at least 100 SMEs from each of three regions: Latin America, Africa, and Asia identified*

- This output focuses on utilizing the Adaptation Taxonomy to identify and classify SMEs engaged in climate resilience and adaptation in developing countries. The target for this output is to identify 300 SMEs in the climate resilience and adaptation space for possible future investment and engagement, and ready to be aggregated into a database. To achieve this output, indicative activities include research and investigation, including on-line, telephone and in-person undertakings.
- Special circumstances of LDCs will be considered in Africa and Asia, so as to not focus only on the usual few “investable” countries, but to expand a into new territory where feasible.

*Output 1.1.3: Climate resilience and adaptation markets in three regions summarized, including estimated market sizes, market segments, and key drivers*

- This output entails the aggregation of all the identified SMEs into one database. The target is the incorporation of all 300 SMEs into the database of climate resilience SMEs for each region. To achieve this output, indicative activities include research and investigation, and data processing.

## **Outcome 1.2: Detailed knowledge gained on Adaptation SMEs and investible opportunities in resilience and adaptation**

- Engage directly with at least 5 companies per region in order to: identify which specific climate vulnerabilities are addressed, understand the scope of their technologies and solutions, define specific indicators that can map impact, understand ROI or value proposition for adaptation and climate resilience. As the baseline, there has been no engagement with any company in any region.
- Based on the engagement described above, develop 2-4 case studies or company profiles in each region of interesting climate resilience companies, describing: summaries of technologies and solutions, impact theory of change or value proposition and possible impact indicators, and financial information, the potential for investment to help scale up the companies' solutions, and the ways in which technical assistance could improve the success of customer uptake and deployment. As the baseline, no case studies have been produced.

### *Output 1.2.1: SMEs engaged and profiled*

- This output entails the summary of companies engaged with, to understand their strengths, weaknesses, market positioning, and potential for investment and scaling. The target is to directly engage with companies in Latin America, Africa, and Asia, and collect detailed information for investment cases, eventually producing profiles that can be easily customized for case studies for public distribution. To achieve this output, indicative activities include: outreach to and discussions with relevant SMEs to understand their business and product offerings, understanding the applicability and ability to orient those product offerings towards climate adaptation and building resilience, and documenting those findings in the form of company profiles.

### *Output 1.2.2: At least 2 investment case studies for investment pipeline per region for a total of 6-12 case studies*

- This output entails the selection of high potential climate resilience companies from project's database, after which they will be further developed into case studies. The target for this output is the creation of at least six case studies that include information on summaries of technologies and solutions, impact theory of change or value proposition, financial information, the potential for investment to help scale up the companies' solutions, and how technical assistance could improve their success. To achieve this output, indicative activities include scouting companies from the database and conducting preliminary diligence, both desk-research and potentially in-person, on a short-list of high-potential SMEs.

## **Component 2: Organize Regional Adaptation SME Networks**

Integrate a network of Adaptation SMEs and related stakeholders through regional convenings and a community platform. ASAP will seek to integrate SMEs into a network of relationships with each other and with other stakeholders through a series of at least 3 regional convenings and the establishment of an ongoing global Adaptation SME community platform.

NOTE: This Component supports *Objective 1: Reduce vulnerability and increase resilience through innovation and technology transfer for climate change adaptation* by establishing regional convenings and a global network of adaptation-focused SME technology companies for engagement and sharing of information and approaches to adaptation and climate resilience.

### **Outcome 2.1: Greater understanding of the investment and business support needs and opportunities surrounding Adaptation SMEs in each region**

· Hold at least 3 regional convenings of SMEs engaged in climate resilience and adaptation in the different regions (Africa, Asia, Latin America). Ideally, the project would partner with regional incubator/accelerators, development banks, investors, and other stakeholders to hold focused convening of Adaptation SMEs. This would create a concrete initial event for Adaptation SMEs to engage with network of regional development banks, incubators, accelerators, and other stakeholders to kick off incubator/accelerator stage. As the baseline, there are no convenings held.

#### *Output 2.1: At least three regional convenings held, one in each region (Africa, Asia, Latin America)*

· This output entails holding meetings with regional stakeholders, including incubators/accelerators, SMEs, development banks, etc. The target for this output is holding at least one convening in each region, for a total of three meetings. To achieve this output, indicative activities include engagement with regional stakeholders to determine interest in convenings, and organizing convening locations and materials.

### **Outcome 2.2: Creation of a central, online repository of Adaptation SMEs for use by key stakeholders (SMEs themselves, investors, et al.)**

· Add on-line opt-in functionality for the ASAP company database to allow SMEs interested or active in climate resilience and adaptation to provide information about their technologies and solutions and establishes contact information for other counterparties to be able to engage with SMEs in a centralized, aggregated way on an on-going basis. As the baseline, the Adaptation SME database lacks the online, opt-in functionality.

*Output 2.2: Launch of the Adaptation SME Database website online with SME opt-in functionality*

· The output entails creating a website for the database to allow engagement of other stakeholders. The target for this output is to create a stand-alone website with background information on the Adaptation Taxonomy and principles of definition as well as self-identified, opt-in database of Adaptation SMEs for other stakeholders to engage. To achieve this output, indicative activities include acquiring the web domain, web design and/or engaging with a web designer to create the website.

**Outcome 2.3: Greater awareness and capacity of host governments to accelerate Adaptation SMEs in their countries**

· A key barrier to building markets for Adaptation SMEs is the lack of host government awareness of and policy support for locally-based Adaptation SMEs and their solutions. This outcome involves consulting with host governments in each region to share information and build awareness of Adaptation SMEs and their solutions. In addition, the consultations will point to policies the governments can take to help build the markets for adaptation and climate resilience solutions and to support local Adaptation SMEs.

*Output 2.3: Consultations held with at least two host governments in each region on policy and market support for Adaptation SMEs*

· This output involves holding meetings with government officials from at least two host governments in each region in order to (a) share information and build awareness of Adaptation SMEs and their solution, and (b) point to policies the governments can take to help build the markets for adaptation and climate resilience solutions and to support local Adaptation SMEs.

· The consultations with host governments will be conducted with the help of and in partnership with organizations that regularly consult with these governments and are engaged in policy development to support climate adaptation. These project partners may include:

o **Climate Policy Initiative** (CPI), which administers the Global Innovation Lab for Climate Finance, works on policy development, including on climate adaptation, and has offices in India, Indonesia, Kenya, and Brazil. CPI has been working with Lightsmith on climate adaptation since Lightsmith's CRAFT project was selected for its 2017 Global Lab.

o **Regional Multilateral Development Banks** (MDBs), such as the Inter-American Development Bank (IDB), the African Development Bank (AfDB), and the Asian Development Bank (ADB). Lightsmith has had conversations with all three of these MDBs, and IDB has already committed to being a key partner on ASAP, including by awarding \$100,000 in co-financing for the project.

· To reach multiple governments efficiently, the consultations may be conducted as workshops held at around the same time and location as the Adaptation SME convenings described in Output 2.1.

The information shared in these government consultations can draw on the lessons learned and barriers and opportunities identified through the market research in Component 1, the Adaptation SME outreach and engagement in Component 2, and the discussions with incubators and accelerators in Component 3.

### **Component 3: Launch Adaptation SME Accelerator Programs**

ASAP will accelerate the development and scaling up of Adaptation SMEs in developing countries by (a) developing a standard toolkit that existing incubator and accelerator programs can use to identify, recruit, and support Adaptation SMEs, (b) signing up a network of incubators and accelerators to adopt the toolkit, and (c) selecting and launching the first cohort(s) of Adaptation SMEs through these partner organizations. Rather than creating a new organization or new accelerator programs, the approach of ASAP is to help “build in” adaptation into existing, successful accelerator and incubator programs focused on SMEs in developing countries, providing them with a combination of technical, strategic, and targeted financial support.

The gap being addressed by this Component is that SMEs with technologies, products, and services that can assess or address the risks and impacts of climate change do not have adequate market information to scale their businesses and do not have sufficient access to existing accelerators and incubators. Even accelerator/incubator programs that focus on companies addressing climate change do not have meaningful representation or participation from Adaptation SMEs. This lack of representation is directly parallel to the lack of financing for Adaptation SMEs, where less than 6% of all climate finance tracked by the Climate Policy Initiative over the last two years has gone to adaptation as opposed to mitigation.

ASAP will sign up existing accelerator/incubator platforms to launch programs for Adaptation SMEs to close this gap; prepare toolkits for them to support Adaptation SME; share the mapping and taxonomy results and help them identify and recruit Adaptation SMEs in their regions; and ensure that the first cohorts of Adaptation SMEs begin participating in these accelerator/incubator programs.

NOTE: This Component supports *Objective 1* on innovation and technology transfer by establishing a network of incubator and accelerator resources globally and supporting Adaptation SMEs in their development of innovation and technology across regions

### **Outcome 3.1: Partner with accelerator organizations to launch the Adaptation SME acceleration program**

- Identify at least 5 relevant SME incubators, accelerators, and other organizations that can serve as partners in 3 regions for Adaptation SME acceleration - e.g., CPI (Global Lab) and NDF (PROADAPT). As a baseline, no existing incubators, accelerators, or partners have been identified.
- Develop Adaptation SME technical, partnering, and financial support “toolkit” [document and presentation] covering at least 3 regions to enable incubators, accelerators, and other organizations to support Adaptation SMEs (including taxonomy, map, outline of key program elements, etc.). The toolkit will provide resources and a clear guide for incorporating Adaptation SMEs seamlessly into existing SME incubator/accelerator programs, including: taxonomy and map/database for identifying Adaptation SMEs; adaptation markets guide/map; Adaptation SME impact guide, including climate vulnerability guide and adaptation impact indicators guide, etc. As a baseline, no toolkit has been developed.
- Establish formal network of at least 3 incubator and accelerator partner organizations to support Adaptation SMEs by recognizing taxonomy and identifying relevant programs. Conduct outreach to at least 5 relevant SME incubators, accelerators, and other organizations about supporting Adaptation SMEs, and by end of first year, sign up at least 3 partner organizations under LOIs or MOUs to adopt the “toolkit” and bring Adaptation SMEs through their incubator/accelerator programs. As a baseline, no partner organizations have signed up or committed to partner.

*Output 3.1.1: Summary list of potential partners for Adaptation SME support prepared*

- The target for this output is to identify potential incubators/accelerators for Adaptation SME support in all three regions. Indicative activities include desktop research and investigation, including on-line, telephone and in-person undertakings.

*Output 3.1.2: “Toolkit” document and presentation for partner incubators/accelerators prepared*

- The target for this output is to develop a toolkit to provide resources and as a guide for incorporating Adaptation SMEs into existing SME incubator/accelerator programs. The toolkit should include: taxonomy and map/database for identifying Adaptation SMEs; adaptation markets guide/map; Adaptation SME impact guide, including climate vulnerability guide and adaptation impact indicators guide. Indicative activities include preparation of toolkit documents and guidelines for incubator/accelerator programs.

*Output 3.1.3: LOIs or MOUs signed with partner organizations*

- The target for this output is to engage with and sign up SME accelerator partner organizations in each region. Each organization should prepare to adopt the “toolkit” and is beginning to bring Adaptation SMEs through their incubator/accelerator programs. Indicative activities include signing LOIs or MOUs with partner organizations.

*Output 3.1.4: “Toolkit” adopted by partner incubators/accelerators*

· The target for this output is to have the accelerator partner organizations in each region adopt the toolkit developed in Output 3.1.2. Indicative activities include dissemination of the toolkit and use of its guidelines throughout the organization.

**Outcome 3.2: Successful demonstration and initial scaling of support for Adaptation SMEs in existing incubator/accelerator cohort(s)**

· By the end of the project, launch the first cohort(s) of Adaptation SMEs going through acceleration programs using the toolkit developed in this project. As a baseline, the incubator/accelerator cohort has not been selected nor launched.

· Provide program funding to signed partner programs to help support the launch, scaling, and first year of operations for Adaptation SME incubator/ accelerator programs. Identify additional potential sources of financial support for Adaptation SME Accelerator Program incubator/accelerator networks. As a baseline, the Adaptation SME incubator/accelerator program not yet launched or scaled.

*Output 3.2.1: By end of second year, first Adaptation SMEs apply for inclusion in accelerator/incubator programs*

· Targets for this output include the application of 45 adaptation SMEs in the incubator accelerator program. Indicative activities include SME engagement and outreach, and receiving SME applications.

*Output 3.2.2: By end of second year, first Adaptation SMEs are selected for and begin participating in accelerator/incubator programs*

· Targets for this output include the selection and participation of 15 Adaptation SMEs in the incubator accelerator program. Indicative activities include judging and selecting applications, and onboarding activities for selected SMEs.

*Output 3.2.3: Program funding for signed partner programs secured and distributed; list of additional sources of funding prepared*

· The targets for this output are that the Adaptation SME incubator/ accelerator program has provided funding, enabled the launch and initial scaling activities, and begun to pursue additional funding to other incubators/accelerators. Indicators of performance include partner programs documentation signed, funding acquired and distributed.

#### *Output 3.2.4: Investment or other funding received by Adaptation SMEs*

The target for this output is \$20 million of investment or other funding received by Adaptation SMEs participating in ASAP. This can include funding received by Adaptation SMEs participating in the accelerator/incubator programs, and it may also be Adaptation SMEs profiled in investment case studies distributed to investors or Adaptation SMEs featured at ASAP's regional convenings. Note that, if the Adaptation SME accelerator/incubator programs are launched successfully, flows of funding and investment will continue even after the project itself has ended - these flows would be counted towards the \$20 million target.

#### **4) Alignment with GEF focal area and/or impact program strategies**

ASAP aligns directly with the GEF Climate Change Adaptation Strategy 2018-2022 for the LDCF and SCCF in a number of ways.

First, the project directly supports innovation and technology transfer (*Objective 1*) through its identification of innovative technology Adaptation SMEs in developing countries and engagement of them with each other and with accelerator/incubator programs. As the GEF Adaptation Strategy recognizes, “[w]hile contributions of innovation intermediaries are well-recognized in developed countries, their engagements are still in nascent stages in most developing countries, particularly in the climate adaptation context and for LDCs... Adaptation-oriented incubation and accelerators therefore merit targeted, early stage support for additional proof of concept in developing countries.” ASAP directly supports the development and engagement of local developing country incubators and accelerators with Adaptation SMEs. This incubation function directly addresses the SCCF's strategy to serve as an incubator to test and refine innovative concepts for the testing, delivery and scaling of adaptation and resilience concepts, techniques, and approaches.

Second, the project supports mainstreaming of climate change adaptation and resilience (*Objective 2*) through the creation of a taxonomy, development of measurement metrics and best practices, development of a database, and engagement with incubators/accelerators of Adaptation SMEs. The project helps to define, demystify, identify, and engage private sector SMEs in adaptation and climate resilience as well as bringing existing MDBs, finance sources, incubators, and accelerators into adaptation and climate resilience.

Third, the project supports enabling conditions for effective and integrated climate adaptation (*Objective 3*). To begin, the GEF Adaptation Strategy specifically highlights the importance of enhanced private sector engagement, especially micro, small, and medium enterprises, under *Objective 3*. Moreover, the GEF Adaptation Strategy specifically

identifies several of the components of the ASAP project as enhancing investment opportunities in adaptation with and through public sector partners, including “[s]upporting entrepreneurship development, incubators, seed funding and venture capital approaches.”

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<sup>[1]</sup> [GEF Adaptation Strategy, para. 111.](#)

<sup>[2]</sup> [GEF Adaptation Strategy, para. 112.](#)

<sup>[3]</sup> [GEF Adaptation Strategy, para. 116\(c\).](#)

In particular, the individual components of ASAP address the objectives as follows:

#### *Component 1: Map Companies and Markets*

This Component directly serves *Objective 2: Mainstream climate change adaptation and resilience for systemic impact*, in several ways:

- It helps to establish and disseminate a **taxonomy** of companies engaged in climate resilience and adaptation harmonized with other approaches
- It identifies, engages, and helps increase the **awareness of SMEs** involved in activities that fit into the taxonomy of the need and opportunity for climate resilience and adaptation
- It develops, summarizes, and **publishes** information about the market for SMEs engaged in adaptation and climate resilience to **the public and other stakeholders**

#### *Component 2: Organize Regional Adaptation SME Networks*

This Component supports *Objective 1: Reduce vulnerability and increase resilience through innovation and technology transfer for climate change adaptation* by establishing regional convenings and a global network of adaptation-focused SME technology companies for engagement and sharing of information and approaches to adaptation and climate resilience. *Objective 3 on fostering enabling conditions for effective and integrated climate change adaptation* is also supported by this Component, as the Adaptation SME Networks allow for coordination and sharing of best practices to improve conditions for climate change adaptation.

#### *Component 3: Launch Adaptation SME Accelerator Programs*

This Component supports Objective 1 on innovation and technology transfer by establishing a network of incubator and accelerator resources globally and supporting Adaptation SMEs in their development of innovation and technology across regions. This Component also supports *Objective 3 on fostering enabling conditions for effective and integrated climate change adaptation*, as the Adaptation SME Accelerator programs will directly support Adaptation SMEs in developing their products and services.

**5) Incremental or additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF/SCCF and co-financing:**

This project requests additional cost coverage to establish and launch ASAP. As outlined above, GEF resources, together with co-financing, would fund the research, convening, and incubation activities of the accelerator program of ASAP. As described above, absent GEF support, there would be insufficient resources for these operational and overhead needs and ASAP would be unable to launch or conduct the needed market research, convening, and incubation activities. Given the baseline absence of market awareness and knowledge and the lack of existing support for Adaptation SMEs, the market for Adaptation SMEs would likely continue at low levels, with continued low adoption of climate adaptation and resilience solutions.

The project’s proposed USD 1.98 million GEF grant will mobilize an additional USD 500,000 of co-financing, which, together with GEF funding will provide the resources needed to successfully carry out the project. This USD 500,000 in co-financing consists of a USD 150,000 loan from Conservation International, USD 100,000 of grants from the Inter-American Development Bank, USD 100,000 of additional grant financing which will be sought from additional MDBs, and USD 150,000 of in-kind financing from partner accelerators/incubators as part of Component 3 of ASAP.

The project is expected to result in: a clearer taxonomy of Adaptation SMEs so that customers and the Adaptation SMEs themselves can identify/self-identify; greater availability market information and company information on and for Adaptation SMEs in developing countries; and the first cohorts of Adaptation SMEs being included in existing incubators and accelerators in developing countries.

**6) Global Environmental Benefits (GEFTF) and/or Adaptation Benefits (LDCF/SCCF):**

GEBs that will be generated by the GEF-supported alternative scenario are summarized below:

Baseline	Alternative	GEBs
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Private sector adoption of climate resilience solutions in developing countries would likely continue at relatively low levels with a slow development trajectory	Support for Adaptation SMEs increases adoption of climate resilience solutions in developing countries. Accelerator programs help to mobilize private capital into climate resilience solutions.	Increased climate resilience in developing countries, potentially including: improved water management, sustainable farming practices, reduced environmental degradation.
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ASAP will yield positive environmental and social impact by supporting adaptation-focused SMEs. ASAP will provide them with market information and support from incubators and accelerators, so that they achieve greater market adoption and help more customers in developing countries to assess and manage the climate-related risks and impacts facing them.

The project would deliver substantial direct environmental benefits over the next decade and beyond for two reasons: increased market awareness and information; and to the incorporation of Adaptation SMEs into existing accelerator and incubator in developing countries. While it is not possible to set concrete targets for global environmental benefits that might be provided by the project and the Adaptation SMEs it supports before the project has begun, the table in the alternative scenario above helps illustrate some of the types of benefits that might be produced.

#### 7) **Innovation, sustainability and potential for scaling up:**

The project is *innovative* as it supports the launch of accelerator/ incubator programs specifically for SMEs engaged in climate resilience and adaptation activities. The project will support innovation by (i) designing an Adaptation Taxonomy that can be utilized to map resilience and adaptation technologies, products and services, (ii) incorporating a “toolkit” for identifying and supporting climate resilience and Adaptation SMEs into existing incubator and accelerator programs, and (iii) supporting the development and launch of the Adaptation SME Accelerator Programs.

Another *innovative* feature is the project’s focus on identifying and supporting SMEs providing climate “intelligence” solutions (data analytics, modeling, forecasting, and engineering) to produce actionable, localized information about the risks and impacts of climate change. A key premise of the project’s approach to adaptation and resilience is that actionable information is the first line of defense in dealing with the risks and impacts of climate change.

The project will support *sustainable solutions* insofar as it will support Adaptation SMEs that provide resource-efficient, local and distributed, smart and data-based - and of course resilient – solutions.

The project supports overall efforts to *scale up financing* for adaptation and resilience by helping to identify Adaptation SMEs and supporting their enrollment in incubator and accelerator programs.

The project will help to *catalyze markets* for climate adaptation and resilience technologies, products and services through the development and subsequent adoption of its Adaptation Taxonomy, which would enable the categorization of technologies, solutions, and companies in the climate resilience and adaptation space. Clearer definitions and categories of Adaptation SMEs would allow for easier comparables analysis and thus more confidence investing in Adaptation SMEs.

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[2] Ibid.

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[6] “Global Climate Finance: An Updated View 2018.” *Climate Policy Initiative*. November 2018. <https://climatepolicyinitiative.org/wp-content/uploads/2018/11/Global-Climate-Finance-An-Updated-View-2018.pdf>

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[10] “Understanding and Increasing Finance for Climate Adaptation in Developing Countries,” *Climate Policy Initiative*. December 2018. Valerio Micale, Bella Tonkonogy, Federico Mazza. P.11

[11] “Emerging Solutions to Drive Private Investment in Climate Resilience.” *Climate Policy Initiative*, 2015. <https://climatepolicyinitiative.org/wp-content/.../06/Finance-for-Climate-Resilience.pdf>

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[13] “The Adaptation Finance Gap Report.” *UNEP*, 2016.

[14] Micale, Valerio, et al. “Understanding and Increasing Finance for Climate Adaptation in Developing Countries.” *Climate Policy Initiative*, Dec. 2018, [climatepolicyinitiative.org/publication/understanding-and-increasing-finance-for-climate-adaptation-in-developing-countries/](http://climatepolicyinitiative.org/publication/understanding-and-increasing-finance-for-climate-adaptation-in-developing-countries/).

[15] “Enhancing the Contributions of SMEs in a Global and Digitalised Economy.” *OECD*, 2017. <https://www.oecd.org/mcm/documents/C-MIN-2017-8-EN.pdf>

[16] Source: <https://www.gefio.org/sites/default/files/ieo/council-documents/files/c-55-me-inf-03.pdf>

[17] See [www.proadapt.org](http://www.proadapt.org).

[18] Sources: <https://bidlab.org/en/about/>; <https://spark.adobe.com/page/pTI7ervLMyQw8/>

[19] Source: <https://www.climatefinancelab.org>

## **1b. Project Map and Coordinates**

**Please provide geo-referenced information and map where the project interventions will take place.**

Project interventions are global

## **1c. Child Project?**

**If this is a child project under a program, describe how the components contribute to the overall program impact.**

No

## **2. Stakeholders**

**Please provide the Stakeholder Engagement Plan or equivalent assessment.**

In developing ASAP, Lightsmith has engaged in numerous discussions and consultations with a wide range of stakeholder groups, including the United Nations, MDBs, national DFIs, national governments, non-governmental organizations (NGOs), academic experts, as well as private investors, insurance companies, and companies with adaptation and resilience solutions.

Over the last year and a half, The Lightsmith Group has been focused on building awareness and knowledge in the private sector, among both institutional investors and companies, that there are a range of “climate resilience solutions” – tools for assessing and managing climate-related risks in different sectors – that can be used to reduce climate vulnerability and build resilience and that represent major business and investment opportunities that they can start acting on today. During this time, Lightsmith has: presented its

climate resilience investment strategy, CRAFT, at 19 conferences and events globally; and discussed climate risk and investment at 19 meetings of the Global Adaptation and Resilience Investment Working Group (GARI) in San Francisco, New York, Washington DC, and London.

Overall, Lightsmith has engaged over 1,200 individuals at approximately 120 private sector organizations through its own meetings and convenings (not counting conferences organized by third parties). During this time Lightsmith has seen a marked improvement in receptivity to and familiarity with climate physical risks and the need and opportunity for climate resilience solutions.

In addition to this extensive private sector engagement, through CRAFT, Lightsmith was able to bring public sector, private sector, and civil society stakeholders together to discuss investment for climate resilience SMEs at 25 panel discussions and 2 high-level meetings at COP23 (Bonn, Germany) and COP24 (Katowice, Poland) and at workshops and meetings that Lightsmith convened and/or co-hosted at Innovate4Climate 2018 (Frankfurt, Germany), C40 Financing Sustainable Cities Forum (New York City, New York), New York Climate Week 2018 (New York City, New York), and the Global Climate Action Summit 2018 (San Francisco, California).

More specifically, individual stakeholder groups engaged include:

- **Global Adaptation and Resilience Investment Working Group (GARI):** One of the Lightsmith partners launched the Global Adaptation and Resilience Investment Working Group at COP21 in Paris in December 2015 in conjunction with the UN Secretary General's A2R (Anticipate, Absorb, Reshape) Climate Resilience Initiative. GARI convened over 150 private investors and other stakeholders in five discussions in 2016 and five discussions in 2017. Meeting participants include leading U.S. and Canadian pension funds (TIAA, Ontario Teachers), global insurance companies (Willis, Zurich), endowments and foundations (Bloomberg, Rockefeller), family offices, global corporations, investment advisors (Cambridge, Mercer, BlackRock), technical advisors (AECOM, Arup), climate data companies and climate advisors (Acclimatize, 427, Climate Finance Advisors), as well as MDBs (IDB, IFC, EBRD), and NGOs (CPI, Climate-KIC). Overall, on the order of 335 individual stakeholders have been exposed to GARI. The challenges for SMEs involved in adaptation and climate resilience have been discussed by GARI participants, in particular considering how to address climate intelligence and solutions challenges in developing countries.
- **Global Innovation Lab for Climate Finance:** The Lab was founded and is supported by a group of G7 and EU governments (UK, US, Germany, France, Netherlands, Denmark, Japan), foundations (Rockefeller, Bloomberg), MDBs (WBG, DBSA, AfDB), DFIs (FMO, BNDES), pension funds (PGGM, PensionDanmark), insurance companies (Allianz, Willis), and financial services firms (BlackRock, Deutsche Bank, Bank of America, Calvert). The Lab works to identify, design, and pilot the next generation of climate finance instruments. Lightsmith's CRAFT concept was selected as one of 3 winners out of 175 submissions for the 2018 Lab process. Since then,

Lightsmith has worked extensively with the Lab, and while the Lab mainly focuses on climate mitigation, Lightsmith hopes to help the Lab expand its efforts in adaptation. Initial consultation has commenced with the Lab on the ASAP project, which also grows in part out of extensive research completed by CPI (the Lab’s Secretariat) on Adaptation Finance and SMEs.

**Development Institutions and NGOs in Consultations on ASAP program:** Lightsmith has already begun to collect lessons learned and best practices from other programs in two arenas: SME business incubation and support for adaptation and climate resilience business models. For example, Lightsmith has had discussions with the IDB-PROADAPT program on structuring technical assistance and incubator/accelerator programs. In designing ASAP, Lightsmith has also engaged with regional MDBs, including IDB-PROADAPT, the Asian Development Bank (ADB), the African Development Bank (AfDB), the Asian Infrastructure Investment Bank (AIIB), as well as Conservation International (CI) and the World Wildlife Federation (WWF).

As discussed in greater detail in the Stakeholder Engagement Plan, throughout project execution for ASAP, Lightsmith will ensure the effective participation of key stakeholder groups, including: SMEs in developing countries; potential corporate and government customers and partners for the Adaptation SMEs; and NGOs. Stakeholder engagement activities will include convening regional meetings and events focused on Adaptation SMEs, continued outreach through GARI meetings, and engagement through regional MDBs, global initiatives on climate adaptation and resilience, and appropriate side events during NY Climate Week and international convenings such as the UN FCCC COP.

Where possible, Lightsmith will also participate in regional meetings to discuss the project and to disseminate and share information produced.

**Key Project Stakeholders**

Stakeholder	Interest in project	Stakeholder influence in project	Project effect(s) on stakeholder
SMEs in developing countries	Funding, technical assistance, market knowledge, access to new customers and investors	SME participation is essential to the project’s success: specifically, whether SMEs act on the opportunity and the need to provide resilience solutions	Participating SMEs can find investors and customers and gain access to incubator/accelerator programs

Stakeholder	Interest in project	Stakeholder influence in project	Project effect(s) on stakeholder
Accelerators and Incubators	Funding, investment opportunities	Accelerators/incubators will affect the exact SME programming designed for the project; They could easily hinder the project if they take funding and refuse to cooperate	Increased funding and investment opportunities Accelerators may have difficulty implementing new programs
Investors and lenders	Identification of potential SME investees and borrowers; knowledge about the climate resilience market opportunity and need	Can provide key financing to adaptation SMEs	On-line database of SMEs and access to SMEs through regional convenings and through incubator/accelerator partners; reports on the climate resilience market in each region
Large companies and communities in developing countries	Identification of climate resilience solutions	Can be important customers and partners for adaptation SMEs	Access and introductions to adaptation SMEs that can help them improve resilience
Local, regional, or national governments	Support for the local economy and economic growth; identification of climate resilience solutions	Implement enabling policies for building adaptation markets and supporting SMEs	Increased foreign investment, esp. into SMEs; improved resilience for local businesses and communities

In addition, provide a summary on how stakeholders will be consulted in project execution, the means and timing of engagement, how information will be disseminated, and an explanation of any resource requirements throughout the project/program cycle to ensure proper and meaningful stakeholder engagement.

**Select what role civil society will play in the project:**

**Consulted only; Yes**

**Member of Advisory Body; Contractor;**

**Co-financier;**

**Member of project steering committee or equivalent decision-making body;**

**Executor or co-executor;**

**Other (Please explain)**

**3. Gender Equality and Women's Empowerment**

**Provide the gender analysis or equivalent socio-economic assesment.**

The activities that will be undertaken by ASAP are gender-transformative. Developing the market for resilience and adaptation solutions, especially in developing countries, has a direct impact on women given the fact that climate risks and impacts (such as catastrophic weather events, water scarcity, climate impacts on food and agriculture, climate-related healthcare impact) disproportionately affect women vs. men. For example, an London School of Economics (2007) found that 5x more women than men die from natural disasters due to inequalities in exposure and sensitivity to risk, and especially so in developing countries, where ASAP has a specific focus. By building the ecosystem of SMEs involved in adaptation and climate resilience in developing countries through ASAP's contemplated program of market mapping, convening and network building, and incubation/acceleration, the project will increase the availability and awareness of technologies, products, and solutions that can help to assess and mitigate these risks and impacts to which women are especially exposed. Project activities will include: refining the taxonomy of the range of climate resilience solutions and segments, mapping companies and markets, sharing market information with market participants, building networks and holding convenings of adaptation-focused SMEs regionally, and enabling existing incubator and accelerator programs to begin enrolling and supporting adaptation-focused SMEs through development of a "toolkit" and other support and technical assistance. Throughout the in-depth engagement with 5 Adaptation SMEs, Lightsmith will capture the gender impact through Lightsmith/CRAFT's impact measurement system ("IMS") and approach, which will measure key impact KPIs generated by the Adaptation SMEs, disaggregated by gender. The data collected will help to build an understanding of the differentiated impact that adaptation technologies, products, and solutions can have on women and men. The public reports generated by the project will include information highlighting the gendered impact from climate change and the ways that Adaptation SMEs can help to address many these particular challenges for women.

This project will also seek to incorporate and mainstream gender considerations into the convening and networking activities as well as into the recruitment of Adaptation SMEs into incubator and accelerator programs, which will be supported by the "toolkit" provided to these programs.

During the implementation of the project, attention will be given to (1) engaging Adaptation SMEs that will have a significant impact on women (the expectation is that most of the engaged SMEs will, given the inherent outsized impact that climate risks and impacts have on women vs. men), and (2) ensuring equitable opportunities for women to participate in the project and in all stakeholder engagement activities, including when engaging with: (i) adaptation SMEs, (ii) incubator and accelerator programs, (iii)

development banks and other regional partner organizations, and (iv) other market participants, such as industry experts and customers. In each of the key project components, the focus for gender mainstreaming will be on the following aspects:

- **Component 1: Map Companies and Markets.** In this component, the focus is on mapping market information, identifying Adaptation SMEs, and reaching out to Adaptation SMEs in each region. The initial core subsectors that will be the focus of ASAP are ones where the climate impact has been found to be disproportionately significant on women. For example, core subsectors will include agricultural analytics (2/3 of women in developing countries work in the agriculture sector as reported by the UN), water availability and efficiency (in 63% of rural households in Sub-Saharan Africa, women are responsible for obtaining water sources). Further, by applying Lightsmith's Impact Measurement System (IMS), Lightsmith will track the gendered impact of SMEs' Adaptation technologies, products, and solutions to understand the measurable impacts that Adaptation SMEs can have on women and girls. Further, Lightsmith will ensure that Adaptation SMEs with women in senior leadership roles will be equitably represented in this component.
- **Component 2: Organize Regional Adaptation SME Networks.** This component involves organizing regional convenings of and for Adaptation SMEs, as well as engagement of government entities. Lightsmith will seek to ensure participation from companies with women in senior leadership roles and promote leadership within the network by women. Lightsmith will track the number of women attending the regional events. Lightsmith also will seek to ensure participation from women in panel discussions at these events, with the goal of having no – or very few – panels without at least one woman participating.
- **Component 3: Launch Adaptation SME Accelerator Programs.** This component involves preparing a toolkit for existing incubator and accelerator programs to identify, recruit, and support Adaptation SMEs, and then ensuring these programs begin recruiting and supporting their first cohorts of Adaptation SMEs. Lightsmith will ensure equitable opportunities for Adaptation SMEs with women in senior leadership roles to be recruited and supported in these programs. Given that Lightsmith will ensure engagement with women-led Adaptation SMEs in Component 1 of the project, the pipeline of identified Adaptation SMEs for the accelerator programs will also include women-led Adaptation SMEs. Lightsmith will also include a gender mainstreaming section in the “toolkit” provided to the programs.

Lightsmith will collect gender-disaggregated information from key stakeholder meetings to track gender participation and engagement. For example, approximately 335 individuals have participated in GARI events, and of this number approximately 40% of the participants have been women.

Diversity and inclusion is extremely important to Lightsmith. Accordingly, Lightsmith is an Affirmative Action/ Equal Opportunity Employer of minorities, women, veterans, and individuals with disabilities, and will afford equal employment opportunity to all employees and applicants for employment. Lightsmith seeks to include women in decision-making roles within the firm.

Depending on location, local SMEs may be more likely owned and operated by men than women, and thus assisting in the development of SMEs may lead to a bias towards the support of men-owned businesses, particularly in terms of access to finance and formal institutions. Recognizing this frequent inequity, the Executing Agency will seek inclusivity of women and gender balance throughout the project, including in data collection, stakeholder engagement, and partnership with and support of incubators/accelerators and adaptation and resilience SMEs, as described above.

**Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment?**

Yes

**Closing gender gaps in access to and control over natural resources;**

**Improving women's participation and decision making** Yes

**Generating socio-economic benefits or services or women** Yes

**Will the project's results framework or logical framework include gender-sensitive indicators?**

Yes

#### **4. Private sector engagement**

**Elaborate on private sector engagement in the project, if any**

The overriding purpose of ASAP is private sector engagement – to begin to build the ecosystem of private sector climate adaptation through a program of mapping, convening, and acceleration of Adaptation SMEs. ASAP's theory of change is that, to enable greater private sector investment in adaptation and the growth of private markets for adaptation solutions, first the SMEs providing adaptation solutions need to be identified and mapped, armed with market information on the opportunity and need for adaptation, connected with potential customers and investors, and supported by incubator and accelerator programs to help them scale.

Lightsmith, the Executing Agency, is well-positioned to implement ASAP. Lightsmith is a private equity firm that is developing the first private sector investment strategy focused on adaptation companies and has established thought leadership in the area of private sector adaptation by convening the GARI working group described above, including a wide range of private sector participants, including emerging technology companies, pension funds, ratings agencies, insurers, banks, and large corporations interested in climate risk and resilience.

Through ASAP, Lightsmith will engage primarily with private sector Adaptation SMEs in developing countries, but also with large businesses that are potential customers of these solutions, private investors and banks that can provide financing for the Adaptation SMEs, NGOs focused on adaptation, and industry and climate experts.

At the conclusion of the project, Lightsmith will have engaged with at least 300 SMEs (100 SMEs each in Latin America, Asia, and Africa) and at least 50 other private sector participants through regional convenings; conducted meetings/interviews/site visits/due diligence on 45 SMEs during company outreach, case study and profile preparation, and accelerator/incubator program selection process; and a final selection of 15 SMEs for participation in the adaptation SME accelerator/incubator programs.

## 5. Risks

Elaborate on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, the proposed measures that address these risks at the time of project implementation.(table format acceptable):

Key project risks and mitigation measures are summarized in the table below. Note that the CI-GEF Agency will provide oversight to the Lightsmith Group to ensure that all of the risk mitigation measures are implemented and monitored during the implementation phase.

Risk description	Risk level High (H), Substantial (S), Modest (M), Low (L)	Mitigation action(s)
<b>RISK 1 – Inability to identify sufficient Adaptation SMEs.</b>	L	To deepen coverage in developing countries, Lightsmith already has begun outreach to development banks with lists of SMEs that they have financed. The target of mapping 100 Adaptation SMEs in each region is feasible, and significant progress towards the target will be accomplished just through this initial outreach.
<b>RISK 2 – Failure to convince incubator and accelerator programs to enroll and support Adaptation SMEs.</b>	S	Lightsmith already has established relationships with two key incubator programs for Adaptation SMEs: the Global Innovation Lab for Climate Finance (run by CPI) and PROADAPT (run by IDB and supported by NDF)
<b>RISK 3 – Failure to achieve developmental and climate resilience outcomes.</b> After the project collects market information, organizes regional events, and enrolls Adaptation SMEs in incubator programs, this may fail to create measurable development and adaptation outcomes.	S	There will be a rigorous selection process for the Adaptation SMEs into the incubator program to ensure the suitability of their business models, abilities of the management for implementation, and the adaptation benefits. Training and other support will be provided as necessary to develop the SMEs to provide the best chance of their success.
<b>RISK 4 - Reputational risk.</b> The project will receive public visibility and attention. ASAP is being executed by an investment firm, and it involves supporting private companies. Demonstrating the public benefits and development impacts of catalyzing adaptation markets in developing countries through this project will be critical.	M	Lightsmith is developing clear communication lines that emphasize the public benefits of the project.  Company and market mapping will be shared with and disseminated through regional and global development banks, and government organizations, and well as through regional convenings and online platforms.

Risk description	Risk level High (H), Substantial (S), Modest (M), Low (L)	Mitigation action(s)
<b>RISK 5 – Climate change risk.</b> The SMEs the project will focus on, as well as the other project participants and partners, will be affected by climate change and may suffer physical and economic impacts and disruption related to climate change.	M	The project’s focus on building awareness of and tools for climate adaptation and resilience solutions can help to mitigate some of the risks of climate change impacts on project participants as well as on the wider beneficiary communities in the targeted regions.

## 6. Institutional Arrangement and Coordination

### Describe the institutional arrangement for project implementation. Elaborate on the planned coordination with other relevant GEF-financed projects and other initiatives.

As Executing Agency, Lightsmith will be responsible for executing the project, including managing the various project-related activities directly, reporting on project progress, managing sub-contracts, project staffing, and use of project funds. A GEF project management unit will be named within Lightsmith that will be co-managed by Jay Koh and Sanjay Wagle. Lightsmith will designate a staff person as a GEF project coordinator to coordinate overall project implementation, handle administrative and financial aspects of the project, and ensure quality and timeliness of reporting to CI.

In addition, a project steering committee (PSC) will be established at the outset of project implementation that will meet periodically to ensure coordination and communication among key project partners, including CI and Lightsmith. The PSC will meet periodically to discuss implementation issues and identify solutions should issues arise. It is anticipated that the PSC will meet three times during the course of project execution: (i) a project inception meeting in August 2019 to review and approve a budget and work plan for the duration of the project, (ii) a mid-term review meeting in/around May 2020 to review milestones and status of deliverables, and (iii) a project wrap-up meeting in/around November 2020 to prepare for final deliverables and reporting. Project meetings will be either in-person or via video/teleconference. Minutes of PSC meetings will be prepared and provided to members of the PSC, and CI as Implementing Agency of the GEF.

The PSC will comprise representatives of GEF-Secretariat, Conservation International (CI), and the Executing Agency. Specific PSC members will be determined during preparation of a project agreement.

The CI-GEF Project Agency will provide project assurance, including supporting project implementation by maintaining oversight of all technical and financial management, and providing other assistance upon request of the Executing Agency. The CI-GEF Project Agency will also monitor the project’s implementation and achievement of project outputs, ensure the proper use of GEF funds, and review and approve any changes in budgets or work plans. The CI-GEF Project Agency will arbitrate and ensure resolution of any execution conflicts.

#### Coordination:

During implementation of the project, Lightsmith will seek to coordinate with the following organizations:

The Global Innovation Lab for Climate Finance (the “Lab”). The Lab is a globally recognized organization with regional presence also in Brazil and India that identifies innovative approaches to climate finance, including proposals involving SMEs in adaptation and climate resilience. The Lab has substantial experience and expertise in climate adaptation and resilience and in research around SMEs as well as with operating incubator/accelerator approaches to innovation in climate finance.

EIT Climate-KIC Launchpad (Launchpad). Launchpad is a global green business plans competition launched by Climate-KIC that sources innovative business plans through regional and then global competitions, supporting the winners with in-kind and financial support, including through the Climate-KIC Accelerator.

IDB Lab. IDB Lab supports private sector innovation and investment through SMEs involved in technology areas. IDB Lab supports regional engagement, convening, knowledge sharing, and support for investment in Latin America and the Caribbean relevant to Adaptation SMEs.

World Bank Group Climate Innovation Centers (CICs). In 2016, the World Bank Group Bank Group has launched a network of Climate Innovation Centers (CICs) in the developing world. Ghana, the Caribbean, Ethiopia, Kenya, Morocco, South Africa, and Vietnam are hosting CICs that are intended to offer seed financing, policy interventions, network linkages, and technical and business training to new enterprises in the climate change space.

Among UN organizations, Lightsmith will coordinate with the following:

- The UN Secretary General’s A2R Climate Resilience initiative, where we are already partnered through GARI
- UNEP, with which we are already partnered through A2R (Barney Dickson is our primary contact.)
- UN FAO (also partnered through A2R)
- UNDP (also partnered through A2R)

Lightsmith will also seek, where possible and with GEF’s support, to engage with national governments to participate in – and to encourage broader private sector participation in – the regional convenings of Adaptation SMEs.

Lightsmith will coordinate with the CI-GEF Project Agency on outreach in developing countries in which CI has offices, such as: South Africa, Kenya, Brazil, Colombia, Peru, Mexico, Indonesia, and Philippines.

## 7. Consistency with National Priorities

**Describe the consistency of the project with national strategies and plans or reports and assessments under relevant conventions from below:**

NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc.

The project will support the development of adaptation-centric SMEs, which is well aligned with the Paris Agreement's Global Goal on Adaptation including the following specific elements:

- Increase international focus and efforts on adaptation;
- Recognition of need for standards, metrics, and assessment tools;
- Capacity-building and support for implementation plans for Nationally Determined Contributions and National Adaptation Plans; and
- Increased adaptation finance from developed countries for vulnerable developing countries.

The project helps to address the Paris Agreement's Global Goal on Adaptation by (i) facilitating the establishment of the Adaptation SME Accelerator Programs that will mobilize public and private finance for adaptation in developing countries, (ii) supporting the development of adaptation and climate resilience focused SMEs, (iii) developing a taxonomy of climate resilience and adaptation technologies, products and services, as well as standards and metrics to map resilience companies and markets, (iv) providing technical assistance for market entry and capacity building for climate adaptation and resilience solutions in developing countries.

Insofar as this project will result in incubator/accelerator programs focused on adaptation and climate resilience, this project is consistent with and promotes the goals of the UNFCCC and the UNCBD and particularly the pursuit of adaptation and resilience to climate change in developing countries. In addition, this project is consistent with and supports the Sustainable Development Goals (Goal 3 – Good Health and Well-Being, Goal 6 – Clean Water and Sanitation, Goal 7 – Affordable and Clean Energy, Goal 9 – Industry, Innovation, and Infrastructure, Goal 11 – Sustainable Cities and Communities, Goal 13 – Climate Action, and Goal 17 – Partnerships for the Goals). It also supports the Copenhagen and Durban climate finance targets of mobilizing USD 100 billion per year by 2020 for mitigation and adaptation in developing countries.

## 8. Knowledge Management

**Elaborate the "Knowledge Management Approach" for the project, including a budget, key deliverables and a timeline, and explain how it will contribute to the project's overall impact.**

Knowledge Creation:

The project will create the following types of knowledge: (a) a taxonomy of climate resilience and adaptation solutions; (b) market maps of climate resilience and adaptation solutions in different developing country regions; (c) lists of Adaptation SME companies in these regions; (d) an on-line adaptation and SME database that will be publically accessible for those SMEs that opt in; (e) at least 15 SME profiles; (f) at least 6 SME case studies; and (g) a “toolkit” for identifying, recruiting, and supporting Adaptation SMEs within existing incubator and accelerator programs. The first categories will be broadly valuable in creating greater awareness and adoption of climate resilience solutions in developing countries, and specifically will be of value to fellow SMEs, potential customers, investors, and policymakers comprising the adaptation and resilience SME development ‘ecosystem’. The fourth category is crucial to enable incubators and accelerators to begin including Adaptation SMEs in their programs, and for SMEs to benefit from specialized incubation tools tailored to their needs.

#### Knowledge Dissemination:

Key audiences for the knowledge generated by the project include: SMEs in developing countries that do or can provide climate resilience solutions; accelerator/incubator programs supporting SMEs in developing countries; development banks and emerging markets-focused private investors; national and local governments of developing countries wishing to increase their capacity for climate resilience and adaptation; early-stage investors in adaptation & resilience solutions and in developing countries; the GEF and other DFIs and donors; and civil society in developing countries. This project will attempt to provide valuable content to each of these audiences while balancing the necessary levels of confidentiality – particularly with SMEs in the accelerator program. Other key audiences will be the climate change and policy communities targeted by large-scale knowledge and convening platforms such as the Global Commission on Adaptation (GCA), the Global Centre on Excellence in Adaptation (GCECA), the New Climate Economy, climate investment- and innovation-specific platforms such as EIT Climate-KIC, the World Bank Group’s Climate Innovation Centers, and the Global Innovation Lab for Climate Finance, as well as others to be identified in the course of the project.

Lightsmith will share and disseminate key results and learnings from the project. Chief among these are the deliverable output documents to CI and the GEF; versions of which can be made publicly available for sharing with the various stakeholders in the Adaptation SME ‘ecosystem’ and development, policy, and investor communities.

#### These deliverables include:

- Market summary of adaptation solutions in each of the developing country regions
- Opt-in list of Adaptation SMEs included in the online database
- Toolkit and best practices for supporting Adaptation SMEs
- Case studies and company profiles for selected Adaptation SMEs
- Summary slide deck of project activities, outputs, outcomes, and lessons learned

Most importantly, Lightsmith will disseminate market information and other knowledge at the regional convenings of Adaptation SMEs organized by the groups noted above, as well as at events and meetings of UN FCCC/COP, UN Secretary General's Climate Summit, and GARI, among others.

Sharing of the case studies and company profiles through the fora and project partners described above will help highlight positive success stories to help change the global conversation on adaptation in line with the Global Commission on Adaptation (GCA)'s vision that adaptation and climate resilience can help create jobs, development, equality and community empowerment.

## **9. Monitoring and Evaluation**

### **Describe the budgeted M and E plan**

The project monitoring and evaluation will be conducted in accordance with established CI and GEF procedures by Lightsmith and the CI-GEF Project Agency. The project's M&E plan will be presented and finalized at the project inception workshop in [August 2019], including a review of indicators, means of verification, and the full definition of project staff M&E responsibilities.

Lightsmith, the project Executing Agency, is responsible for ensuring the monitoring and evaluation activities are carried out in a timely and comprehensive manner, and for initiating key monitoring and evaluation activities. This includes the project inception workshop and report, quarterly progress reporting, annual progress and implementation reporting, documentation of lessons learned, and support for and cooperation with the independent external evaluation exercises.

As described above, the Project Steering Committee will play a key oversight role for the project, with three planned meetings during the project execution period to receive updates on project implementation progress and approve (and amend, as necessary) the workplan. The PSC also provides continuous ad-hoc oversight and feedback on project activities, responding to inquiries or requests for approval from the PMU or Executing Agency.

The CI-GEF Project Agency will play an overall assurance, backstopping, and oversight role with respect to monitoring and evaluation activities.

The project's M&E Plan includes the following components:

- **Project Results Monitoring Plan** (Objectives, Outcomes, and Outputs): The Project Results Monitoring Plan includes objective, outcome and output indicators, metrics to be collected for each indicator, methodology for data collection and analysis, baseline information, location of data gathering, frequency of data collection, responsible parties, and indicative resources needed to complete the plan. The Project Results Monitoring Plan is presented in Annex [L].
- **Inception workshop:** The project inception workshop will be held within the first three months of commencement of the project and will provide the project team with guidance on the project's objectives and outcomes. The inception workshop will be used to detail the roles, support services, and responsibilities of the CI-GEF Project Agency and Lightsmith.
- **Inception workshop report:** Lightsmith will produce an inception report documenting all changes and decisions made during the inception workshop to the project planned activities, budget, results framework, and any other key aspects of the project. The inception report will be produced within one month of the inception workshop, as it will serve as a key input to the timely planning and execution of project start-up and activities.
- **Project Steering Committee Meetings:** PSC meetings will be held four times during the project's execution period, once at the inception (approximately August 2019), once mid-way through year 1 (approximately February 2020), once at roughly the 12-month mark (approximately July-August 2020), and once mid-way through year two (approximately February 2021). Meetings shall be held to review and approve project budget and work plans, discuss implementation issues and identify solutions, and to increase coordination and communication between key project partners. The meetings held by the PSC will be monitored and results reported as agreed at the PSC meetings.
- **Quarterly Progress Reporting:** Lightsmith will submit quarterly progress reports to the CI- GEF Project Agency, including a budget follow-up and requests for disbursement to cover expected quarterly expenditures.
- **Final Project Report:** Lightsmith will draft a final report at the end of the project in cooperation with the implementing agency and will submit it to the PSC.
- **Independent Terminal Evaluation:** An independent Terminal Evaluation will take place within six months after project completion and will be undertaken in accordance with CI and GEF guidance. The terminal evaluation will focus on the delivery of the project's results as initially planned. Lightsmith, in collaboration with the PSC, will provide a formal management answer to the findings and recommendations of the terminal evaluation.
- **Financial Statements Audit:** Annual Financial reports will be audited annually by external auditors appointed by Lightsmith in consultation with the implementing agency.

The project's M&E Plan is summarized in the table below:

Type of M&E Activity	Responsible Parties	Time-frame	Budgeted costs
Project Steering Committee Meetings	Lightsmith and CI	August 2019, February 2020, and July-August 2020	\$27,000
Inception Workshop (IW)	Lightsmith and CI	August 2019	\$5,000
Project Inception Report	Lightsmith	September 2019	\$2,500
Quarterly Project Progress Reports, Quarterly Co-financing Reports & Quarterly Disbursement Requests	Lightsmith	October 2019, January 2020, April 2020, July, 2020, October 2021, January 2021, April 2021, July, 2021	\$35,000
Final Project Report	Lightsmith	July 2021	\$40,000
Terminal Evaluation Report	CI	September 2021	\$17,500
<b>Total Budget</b>			<b>\$127,000</b>

## 10. Benefits

**Describe the socioeconomic benefits to be delivered by the project at the national and local levels, as appropriate. How do these benefits translate in supporting the achievement of global environment benefits (GEF Trust Fund) or adaptation benefits (LDCF/SCCF)?**

Socioeconomic benefits of the project at the national and local levels primarily relate to enhancing awareness and understanding of (i) the need for climate adaptation and resilience products and tools as an essential part of business and government decision-making, as well as (ii) climate adaptation and resilience SMEs as an investment opportunity. Enhancing awareness and understanding along these lines through stakeholder engagement carried out as part of the project is a crucial first step toward addressing barriers to private sector action on adaptation and resilience.

Following the project, implementation of ASAP would bring much greater socioeconomic benefits at both national and local levels. Through business incubation services, small and medium-sized companies with adaptation and resilience products and services will be able to improve and scale up their offerings and expand uptake by customers, leading to better planning and investment decision-making that takes climate risks into account and to reduced climate vulnerabilities. **In addition, scaling SMEs will support the creation of jobs**

through SMEs, which will strengthen the local economy. Ultimately, ASAP will help improve both public and private sector ability to identify, plan, and implement climate change adaptation and resilience measures.

By providing the resources needed to map, convene, and incubate Adaptation SMEs in developing countries, a USD 1.98 million GEF grant would help mobilize USD 500,000 in additional in-kind and grant support for Adaptation SMEs from incubator and accelerator programs. Ultimately, if successful, ASAP could help mobilize more than USD 30 million of investment into Adaptation SMEs over the next 3-5 years (USD 10 million for each of the 3 regions) by exposing Adaptation SMEs to investors and building their readiness for investment through participation in accelerator/incubator programs.

**ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).**

<b>Objective:</b>	Build the ecosystem of SMEs involved in adaptation and climate resilience in developing countries through market mapping, network building, and incubation/acceleration.		
<b>Indicator(s):</b>	<ul style="list-style-type: none"> <li>a. # Adaptation SMEs identified in developing countries</li> <li>b. # Accelerator/incubator programs signing on/partnering to support adaptation SMEs</li> <li>c. # Adaptation SMEs enrolled in/supported by accelerator/incubator programs</li> <li>d. # regional convenings held and # attending</li> </ul>		
<b>Expected Outcomes and Indicators</b>	<b>Project Baseline</b>	<b>End of Project Target</b>	<b>Expected Outputs and Indicators</b>
<b>Component 1: Map Companies and Markets</b>			

<p><b>Outcome 1.1:</b> Improved understanding of the global landscape of adaptation and resilience enterprises</p> <p><i>Indicator 1.1: Number of Adaptation Taxonomies of SMEs developed</i></p>	<p><b>Baseline 1.1.1:</b> No taxonomy has been developed consistent with existing approaches to climate resilience and adaptation taxonomies, and no inventory of adaptation and resilience SMEs exists</p> <p><b>Baseline 1.1.2:</b> [800] SMEs identified through CRAFT; SMEs not categorized in the Adaptation Taxonomy</p> <p><b>Baseline 1.1.3:</b> No market information collected, aggregated, and summarized; no SMEs engaged</p>	<p><b>Target 1.1.1. One Adaptation Taxonomy of SMEs developed.</b> The project team has developed principles of definition that identifies specific climate vulnerabilities, technologies and adaptation solutions</p> <p><b>Target 1.1.2. 300 climate resilience and adaptation SMEs in Latin America, Africa, and Asia identified, mapped and stored in database.</b></p> <p><b>Target 1.1.3. 3 regional SME market profiles prepared.</b> Market information collected and summarized for the adaptation and</p>	<p><b>Output 1.1.1:</b> Documents outlining the Adaptation Taxonomy, the principles of definition, and how the taxonomy is consistent with existing approaches prepared</p> <p><i>Indicator 1.1.1: Number of completed adaptation taxonomy documents</i></p> <p><b>Output 1.1.2:</b> 300 SMEs engaged in climate resilience and adaptation, with at least 100 SMEs from each of three regions: Latin America, Africa, and Asia identified</p> <p><i>Indicator 1.1.2: Number of identified, listed, and classified adaptation and resilience SMEs in each of the three regions: Latin America, Africa, and Asia</i></p> <p><b>Output 1.1.3:</b> Climate resilience and adaptation markets in three regions summarized, including estimated market sizes, market segments, and key drivers</p>
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**ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).**

N/A

**ANNEX C: Status of Utilization of Project Preparation Grant (PPG). (Provide detailed funding amount of the PPG activities financing status in the table below:**

PPG Grant Approved at PIF: N/A (ONE STEP MSP SUBMISSION)
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<i>Project Preparation Activities Implemented</i>	<i>GEF/LDCF/SCCF Amount (\$)</i>		
	<i>Budgeted Amount</i>	<i>Amount Spent to date</i>	<i>Amount Committed</i>
Consultancy to prepare the GEF 1-step PIF document and all related annexes	\$35,000	\$35,000	\$35,000
<b>Total</b>	\$35,000	\$35,000	\$35,000

**ANNEX D: CALENDAR OF EXPECTED REFLOWS (if non-grant instrument is used)**

**Provide a calendar of expected reflows to the GEF/LDCF/SCCF/CBIT Trust Funds or to your Agency (and/or revolving fund that will be set up)**

1

**ANNEX E: Project Map(s) and Coordinates**

**Please attach the geographical location of the project area, if possible.**

The focus of the project is in developing countries in 3 regions as outlined by the map.





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