


















Scaling up the integration of adaptation in investments in climate resilient infrastructure in Africa's cities

- support to Africa Adaptation Acceleration Programme through Global Center on Adaptation

<p>Key results:</p> <ul style="list-style-type: none"> - Transformative and inclusive adaptation programme solutions developed and scaled up in African cities- Scale up in investments in resilient infrastructure with focus on water related services and management - Scale up in number of knowledge products critical to expanding and integrating resilience into infrastructure developments in Africa - Policy agendas advanced that favor adaptation and resilience, internationally and in Africa, through effective high-level advocacy <p>Justification for support:</p> <ul style="list-style-type: none"> - Resilient infrastructure and services directly relevant for tackling the adaptation challenge of Africa's cities - Supports Danish Government's commitment for 60% of climate finance towards climate adaptation and focus on Africa, water, and urban areas - Synergies and coherence with Danish support for C40, strategic sector cooperation, World Resources Institute, and similar, and parallel proposed support for AfDB/UMDF - A strategic position for Denmark with key actors like GCA and the platform of AAAP on climate adaptation and urban development in Africa, contributing to Danish climate ambitions/diplomacy - Joint support with Sweden, Norway, UK <p>Major risks and challenges:</p> <ul style="list-style-type: none"> - Global context with conflict and economic downturn and inflation shift African priorities away from adaptation investments - Resilient investment project preparations supported are not financed and investments do not materialize - GCA's organizational and programmatic development process does not follow a path that leads to results on the ground for resilience and adaptation in Africa 	File No.	2022-1779					
	Country	Africa					
	Responsible Unit	GDK					
	Sector	43032					
	Partner	Global Center for Adaptation					
		<i>DKK million</i>					
		2022	2023	2024	2025	2026	Total
	Commitment	15	15	20			50
	Projected disbursement	10	20	20			50
	Duration	2022-2025					
	Previous grants	DKK 37.25 mill. to Global Commission on Adaptation administered by Global Center.					
	Finance Act code	06.34.01.75					
	Head of unit	Karin Poulsen					
	Desk officer	Tine Anbæk					
Reviewed by CFO	Rasmus Tvorup Ewald						
Relevant SDGs <i>[Maximum 1 – highlight with grey]</i>							
 No Poverty	 No Hunger	 Good Health, Wellbeing	 Quality Education	 Gender Equality	 Clean Water, Sanitation		
 Affordable Clean Energy	 Decent Jobs, Econ. Growth	 Industry, Innovation, Infrastructure	 Reduced Inequalities	 Sustainable Cities, Communities	 Responsible Consumption & Production		
 Climate Action	 Life below Water	 Life on Land	 Peace & Justice, strong Inst.	 Partnerships for Goals			

Strategic objectives [for projects under a Country Strategic Framework]/**Objectives** [for stand-alone projects] – **Choose as relevant.**

Greater resilience of Africa's cities and its urban poor to climate change through a scale up in infrastructure investments that integrate climate resilience based on effective tools and knowledge and stronger advocacy for prioritizing climate adaptation internationally and in policies and plans of Africa's cities.

Environment and climate targeting - Principal objective (100%); Significant objective (50%)

	Climate adaptation	Climate mitigation	Biodiversity	Other green/environment
Indicate 0, 50% or 100%	100%			
Total green budget (DKK)	50 mil			

Justification for choice of partner:

GCA's mission is exclusively dedicated to adaptation; GCA has a co-lead role in implementing the African Acceleration Adaptation Programme, a main framework for rapidly advancing resilient infrastructure investments in Africa. Complements parallel proposed contribution to AfDB/Urban and Municipal Development Fund supporting the efficient integration of adaptation and resilience into the AfDBs pipeline of urban infrastructure investment projects. GCA is a new organisation with demonstrated potential, and has the Danish Minister for Development Cooperation on its Advisory Board.

Summary:

Earmarked contributions for GCA's Business Plan 2020-2025, with primary focus on GCA's work on promoting integration of resilience into investment project preparation in Africa, especially via AAAP's pillar on Africa Infrastructure Resilience Accelerator. In addition, support for GCA's work on developing and disseminating knowledge and tools for integration of resilience in policy, planning and projects; support for GCA's work on advocacy and agenda setting on adaptation. The support provides a platform for political engagement on adaptation in Africa. Includes reviews/thematic studies to enable adaptive management based on lessons, reflecting GCA is in its early development stage.

Budget (engagement as defined in FMI):

Engagement 1 – the development project	48,5
Engagement 2 - auxiliary activities, such as advisors, M&E and reviews	1,5
Total	50

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Concept Note

Presentation to the Programme Committee 18th August 2022

11 July 2022

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Abbreviations

AAAP	Africa Adaption Acceleration Programme
AAI	African Adaptation Initiative
AfDB	African Development Bank
AFW	Africa Water Facility
AIRA	African Infrastructure Resilience Accelerator
C40	C40 Cities Climate Leadership Group
GCA	Global Center for Adaptation
GGGI	Global Green Growth Institute
IFI	International Financial Institution
IUCN	International Union for the Conservation of Nature
MDB	Multilateral Development Bank
PICU	Infrastructure and Urban Development Department (AfDB)
SDG	Sustainable Development Goals
SUDAP	Sustainable Urban Development Action Plan
UMDF	Urban and Municipal Development Fund
USD	Unites States Dollar
WRI	World Resources Institute

1. Introduction

This concept note describes a proposed Danish support for advancing climate adaptation in Africa's cities through enhanced mobilization and action by key actors working for a more efficient integration of adaptation and resilience into urban infrastructure. The present proposal closely links to a proposed parallel Danish contribution to the Urban and Municipal Development Fund, an innovative trust fund established in the African Development Bank with the aim to ensure a better response from the Bank to the growing needs in Africa's cities.

The proposal is for a financial contribution of DKK 50 million to the Global Center for Adaptation (GCA), specifically to work focusing on Africa. GCA was established in 2017 with a mission to act as a solution broker to accelerate, innovate and scale adaptation actions for a climate resilient world. The organization has a global focus, hence the proposed support from Denmark is earmarked to GCA's activities in Africa. GCA's engagement in Africa is underpinned by its working relationship with the African Development Bank, expressed, in particular, through the joint Africa Adaptation Acceleration Programme.

The proposed support of DKK 50 million will be provided as earmarked funding towards the areas in GCA's Business Plan 2020-2025. The support's main focus is on contributing to GCA's efforts in implementing the above mentioned Africa Adaptation Acceleration Programme with special focus on climate resilient urban infrastructure. The Danish support will allow GCA to engage in partnerships with other international financing institutions, not least the World Bank, in order to pilot a more systematic and efficient approach to the integration of adaptation and resilience into their pipeline of infrastructure investment projects in Africa.

In addition, the proposed project will advance development and dissemination of knowledge and tools on climate adaptation – and significantly, it will support GCA's high-policy level advocacy and agenda-setting work to ensure that adaptation and resilience are maintained as priorities on international agendas as well as in national and city-level policies and plans in Africa. On this basis, the support also directly complements Danish climate diplomacy efforts including the Minister for Development Cooperation's seat on GCA's Advisory Board¹ and the strong Danish engagement in the Champions Group on Adaptation Finance.

The support follows a previous Danish contribution to the Global Commission on Adaptation that laid out the overall action tracks for GCA's work. It will enable coherence with Danish support to international organizations addressing climate change and the green transition, such as C40, African Water Facility and, World Resources Institute.

2. Context, strategic considerations, rationale and justification

2.1 Context – Africa's climate resilience and adaptation needs

As it is well-established, Africa faces acute challenges of adaptation to climate change. The 6th Assessment Report of the Intergovernmental Panel on Climate Change (IPCC)² was clear on the impending increase in extreme weather events - especially in Africa. On the Continent, rates of temperature increase have been among the most rapid; sea level rise has been higher rate and is expected to continue;

¹ The Ministers for Development Cooperation from Norway and Sweden are also in this Advisory Board.

² [IPCC_AR6_WGII_SummaryForPolicymakers.pdf](#)

higher frequency and severity of coastal flooding in low-lying areas to coastal erosion and along most sandy coasts; and, with additional global warming, projected increase in frequency and intensity of heavy precipitation events almost everywhere. Moreover, the State of the Climate in Africa 2020³ report highlighted Africa's disproportionate vulnerability and showed the potential benefits of investments in climate adaptation, weather and climate services and early warning systems far outweigh the costs. These facts clearly underpin the urgency of an extraordinary and focused effort to tackle Africa's adaptation needs.

Africa's adaptation challenge is particularly critical in its cities. This partly reflects Africa is the fastest urbanizing continent – with its population doubling to reach 2.5 billion by 2050 of which two-thirds absorbed by urban areas⁴. That amplifies greatly many African cities' already acute struggles to meet demands from their growing populations for more social and economic services at a point where gaps in urban infrastructure and services are severe. Further, the situation directly impacts Africa's cities' resilience to climate change, especially with respect to water: OECD estimates that two-thirds of Africa's cities are at “extreme” risk of climate and water related shocks⁵, and water cuts across several of Africa's urban adaptation needs. For that reason, to tackle urban adaptation challenges in Africa and protect the urban poor from effects of climate change, investments in resilient infrastructure must speed up – not least with focus on water.

In Africa, climate change combines with climate sensitive livelihoods and economic activity to intensify already widespread and persistent poverty levels. Climate change already negatively affects the continent's progress towards the Sustainable Development Goals (SDGs) and the principle of “leaving no one behind”. As increased weather and climate variability leads to disasters and disruption of economic, ecological and social systems, it is estimated that by 2030 up to 118 million extremely poor people (i.e. living on less than US\$ 1.90/day) will be exposed to drought, floods and extreme heat in Africa if adequate response measures are not put in place.⁶

Women and girls experience the greatest impacts of climate change - increasing existing gender inequalities and threats to their livelihoods, health, and safety⁷. This reflects that women and girls make up the majority of the poor and rely more on food and income that depends on land and natural resources. They also often are less involved in decision-making at the same time as they are main responsible for securing water, food and fuel for cooking. There are therefore critical questions of human rights with respect to participation, accountability, transparency, and non-discrimination at stake in initiatives to decide and plan climate resilient infrastructure in Africa's cities.

There are **multiple constraints Africa must tackle in order to accelerate the adaptation to climate change and resilience in its cities to the benefit of the urban poor.** Among these, challenges at three levels can be highlighted:

³ https://www.uneca.org/sites/default/files/ACPC/State-of-the-Climate-in-Africa/WMO_State%20of%20the%20Climate%20in%20Africa%202020_Report_en.pdf

⁴ https://www.oecd-ilibrary.org/development/africa-s-urbanisation-dynamics-2020_b6bccb81-en

⁵ OECD, 2021, Water Governance in Africa's Cities

⁶ State of the Climate Report 2020, World Meteorological Organization, https://library.wmo.int/index.php?lvl=notice_display&id=21973#.YrVt20bP1hE

⁷ <https://s3.amazonaws.com/oxfam-us/www/static/media/files/climatechangewomen-factsheet.pdf>

- Fundamentally, *resilience is rarely integrated into investment project planning and preparation* on the ground. This partly reflects lack of knowledge, tools, and the necessary attention during needs assessments and preparation – and partly weak prioritization during project screening and planning. That underscores the need for a devoted effort to speed up integration of adaptation and resilience concerns into diagnostics and investments project preparation – and for strengthened capacity development and dissemination of knowledge and tools. It also calls for working with political levels at international, national and city levels to ensure adaptation and resilience are prioritised in policies and plans. Significantly, it requires catalysing investments in resilient infrastructure.
- The *knowledge and awareness* among national and city planners on needs, approaches, and tools for mainstreaming adaptation into polices, plans, and infrastructure project investments is weak in general – both at national and city level in Africa, but also among investors including international financial institutions and private financial institutions. The paradox is that often climate adaptation and resilience can be integrated into plans and projects at relatively little extra effort and cost, provided the knowledge and tools are known. Thus, considerable potential exists for enhanced integration of adaptation and resilience in infrastructure investment portfolios, existing as well as future. To unleash this potential, it is critically important to share pertinent innovative research and practices and to join up networks of international experts and practitioners.
- Above all, *political and policy priorities* towards climate adaptation action are increasingly under pressure from other competing concerns, both at international, national and city levels. Globally, political action on climate adaptation has lagged behind mitigation, especially for Africa. With Covid-19 recovery, and the recent combined food, energy and finance crises, national and city political leaders are under even strong pressure to favor shorter-term priorities with immediate effect rather than medium-term policies and investments to adapt to climate change. It highlights extra efforts are needed to keep adaptation high on the global and African political agendas, such that adaptation and resilience are prioritised in national and city level plans and projects.

2.2 Key initiatives to address Africa's adaptation and resilience needs

For several years, Denmark has played an active role in lifting the global agenda on climate adaptation. At national level, Denmark has adopted ambitious strategies for its long-term global climate and development engagement and will from 2023 allocate 60% of its grant based climate finance to adaptation. As a co-initiator and active member of the Champions Group for Adaptation Finance, whose core is composed of leading donor countries, Denmark continues its international engagement in raising ambition and finance for adaptation. In developing countries, particularly in Africa, Denmark continues to support concrete adaptation action delivering tangible results, not least for vulnerable communities, through its bilateral and multilateral engagement as well as through its partnerships with a multitude of international actors.

The Global Commission on Adaptation was among the early international initiatives on adaptation to climate change for Denmark to engage in. Denmark was among the 23 co-initiating countries of the Commission, which was launched in 2018 by then United Nations' Secretary General, Ban Ki-moon⁸. Within its mandate, the Commission elevated the political visibility of climate adaptation and catalysed

⁸ The Commission was launched with a clear clause to sunset by end 2020.

some major actions and commitments expressed through the establishment of eight action tracks with each their plan of action to accelerate transitions for change. The process was steered by 32 high-profile Commissioners⁹. Denmark supported the Commission as an effort to catalyse global leadership for accelerating climate adaptation. GCA and World Resources Institute acting as co-secretariats to the Commission managed the Danish support of DKK 32.7 million.

The work of the Commission is taken forward in several tracks and by a number of actors. **The Global Center on Adaptation** plays a significant part to scale up adaptation action, both through its programs promoting solutions to drive and scale up adaptation on the ground with a multitude of partners, and through policy development, research contributions, advocacy and communication. In addition, GCA has been maintaining a strong political platform for dialogue and action, including through the capacity of its advisory board composed of political leaders and leaders from major international organizations (including the Danish Minister for Development Cooperation and his colleagues from Norway and Sweden).

Significantly, GCA in partnership with AfDB has developed the **Africa Adaptation Acceleration Programme (AAAP)** with the aim to respond to the Africa Adaptation Initiative (AAI) launched at the 25th African Union Summit (2015) by African Heads of State. AAAP was launched in January 2021 at the summit “Leaders’ Dialogue on the Africa Covid-Climate Emergency”, hosted by the Netherlands. AAAP is co-implemented by GCA and AfDB in each their distinct role. AfDB has committed USD 12.5 billion to deliver its part of the initiative across the Bank’s portfolio of engagements. In parallel, GCA has established a budget of €250 million to deliver on the AAAP. GCA’s regional office in Africa is hosted by the AfDB, who has also seconded the regional director.

The AAAP now constitutes GCA’s main programmatic effort on Africa with political backing from a large number of Heads of States and other leaders from the continent. AAAP is structured in four pillars: 1) Climate-smart digital technologies for agriculture and food security; 2) Africa Infrastructure Resilience Accelerator, 3) Empowering Youth for Entrepreneurship and Job Creation in Climate Adaptation and Resilience, and 4) Innovative Finance Initiatives. AAAP aims to mobilize \$25 billion to drive adaptation in Africa – to reduce malnutrition, create jobs for youth, and integrate climate resilience into USD 7 billion infrastructure investments.

Among AAAP’s four pillars, **Pillar 2 - the Africa Infrastructure Resilience Accelerator** - directly targets development of resilient urban infrastructure in Africa (see Box 1) – with strong direct relevance for the proposed support’s focus on climate adaptation in Africa’s cities.

Overall, AAAP – and especially the AIRA pillar - provides a relevant strategic framework for Danish support to tackling climate adaptation and resilience in Africa’s cities, with African political backing, and a platform for engaging with the continent’s leaders on its adaptation initiatives.

Box 1: AAAP Pillar 2, Africa Infrastructure Resilience Accelerator (AIRA) main elements:

- 1) National and urban resilient infrastructure programmes. Support to select African countries for national level assessments and planning, climate risk, PE analysis, policy analysis.
- 2) City climate adaptation accelerator. Leveraging investments for resilient infrastructure from AfDB and other sources for city-programme using climate diagnostics, resilience planning, and transformative projects.
- 3) Public-private partnerships (PPP) for climate resilient infrastructure, working with government and private sector to integrate climate adaptation concerns into PPPs.
- 4) Project preparation and pre-investment. Support pre-investment and project preparation for AfDB on-lending.

⁹ Then CEO of the large Danish pension fund, PKA, Peter Damgaard Jensen, was a Commissioner on the Global Commission on Adaptation.

2.3 Alignment with Danish policies and priorities

The proposed support through GCA for advancing climate adaptation in Africa's cities will deliver directly on the **Danish Government's priorities** in *The World We Share* to invest heavily in climate adaptation and strive to improve nature, the environment and biodiversity as well as to strengthen resilience to climate change, with focus on poor and vulnerable countries and people, not least in Africa.

The support will align with priorities in a *Green and Sustainable World*, the Danish Government's long-term strategy for global climate action, on addressing climate change and promoting a green transition. It contributes in particular to SDGs 13 (Climate Action), with focus on adaptation, as well as SDG 11 (sustainable cities and communities), SDG 1 (end poverty), SDG 9 (industry, innovation, and resilient infrastructure) and SDG 6 (clean water and sanitation).

It will contribute to SDG 1 (poverty reduction) in line with Danish development cooperation's **objectives of poverty reduction**. The support to scaling up adaptation of infrastructure in Africa's cities for enhanced climate resilience will have significant direct effects on the urban poor, who are disproportionately affected by climate change. Denmark will work with GCA to ensure a focus on urban settlements, which are predominantly poor, also by ensuring inclusion of Africa's intermediary cities. GCA has principles and guidelines to address gender concerns and human rights, and Denmark will work with GCA to ensure monitoring and integration of gender and the human rights-based approach.

Moreover, the proposed support for climate resilience in African cities **promote coherence** with key Danish support initiatives for climate action, the green transition, and water. It complements support for global framework conditions for climate adaptation through knowledge, policies, and advocacy through engagements with GGGI, WRI, IUCN, Africa Water Facility, by promoting tangible climate resilience results on the ground in African cities. Significantly, the support through GCA complements a parallel proposed support through AfDB for enhancing infrastructure resilience in Africa's cities through investment project preparation and strengthening of cities' governance and planning.

The support will **contribute to Danish climate diplomacy ambitions**, partly through access to GCA's work on knowledge and capacity development on integration of resilience into investment preparation on the ground. This will provide lessons on key needs and issues regarding resilient infrastructure, which will feed into Danish policy influence and complement initiatives like the Danish Strategic Sector Cooperation projects between Danish municipalities and partner authorities in South Africa and Ghana.

Significantly, the support also provides Danish access to key international high-policy platforms and networks on adaptation through AAAP as well as through GCA's advocacy initiatives, and with the Danish Minister for Development Cooperation's membership of GCA's Advisory Board alongside other ministers and international leaders with key influence on the adaptation agendas in Africa.

2.4 Justification of choice of implementing partner and aid modalities

The Danish support **strategy** in the proposed support for advancing climate adaptation and resilient infrastructure in Africa's cities focuses on GCA's key programmatic efforts to promote accelerated action on resilient infrastructure, knowledge- and capacity development, international advocacy – all with a focus on Africa and cities. The proposed support closely links to a proposed Danish contribution to the Urban and Municipal Development Fund, established in the AfDB (see parallel concept note for AfDB proposal). The current proposal takes further the scale up potential through GCA's engagement with other international financing institutions, not least the World Bank, in order to pilot a systematic and efficient

approach to the integration of adaptation and resilience into their pipeline of urban infrastructure investment projects in Africa.

Further, the proposed support complements Danish political engagement in international dialogues, platforms and processes focused on climate adaptation and resilience – encompassing among other strong Danish engagement in the Champions Group for Adaptation Finance, co-chairmanship of the executive committee of the Warsaw International Mechanism for Loss and Damage, and engagement of the Danish Minister for Development Cooperation in the GCA Advisory Board. Box 2 sums up main elements of the support strategy.

The main element will be a **contribution through GCA**. With its mission exclusively focused on adaptation, GCA is a central institution in the international system of climate organizations. GCA delivers its mission by playing a role as *solutions broker* on ways to accelerate, innovate and scale adaptation action, including by bringing together and mobilising governments, international organisations and financial institutions, public and private investors, private sector, civil society, and academia for accelerated adaptation. GCA moreover has a substantial programmatic focus on Africa, through GCA’s own Business Plan as well as through its key role in implementing AAAP.

GCA’s **Business Plan, 2020-2025** elaborates its main work areas and concepts and defines three pillars: 1) Programs and action; 2) knowledge acceleration; and 3) agenda setting and advocacy, and cross-cutting activities. GCA’s flagship deliveries include the annual State and Trends in Adaptation report (Africa in focus of the 2021 report and in upcoming 2022 report), under its pillar 2) and the annual GCA High-level dialogue on adaptation, under its pillar 3). Under its pillar 1), GCA delivers its important role in accelerating adaptation action on the ground by working with international financing institutions and other actors to integrate adaptation and resilience in their infrastructure investment portfolios.

Box 2: Summary of key elements of support strategy

- Strategic focus on action to integrate adaptation and resilience into urban water infrastructure; knowledge- and capacity development, and advocacy on adaptation and resilience in Africa’s cities
- A contribution focused on Africa with earmarkings for the three pillars in GCA’s Business Plan
- Thematic studies/reviews with focus on resilient infrastructure in Africa’s cities, especially water, to identify lessons learned for adaptive management
- An inception review in 2023 as basis for final approval of 2024 commitment
- Danish engagement to ensure that synergies from insights and networks gained through the collaboration with GCA feeds into strengthening of Danish climate diplomacy
- A joint-approach with likeminded donors for the support through GCA

Box 3: GCA Business Plan – 3 pillars

- 1) Programs and action
provide unique adaptation perspective, design of programs, mobilize finance, advise on implementation
- 2) Knowledge acceleration
facilitate and accelerate application of knowledge, knowledge as a driver of innovation
- 3) Agenda setting and advocacy
catalyze action by influencing decision-makers within political, economic and social systems and institutions

The Business Plan also lays out five *bold ideas*, defining the focus themes of GCA’s work (presented in Box 4). Although articulated slightly differently, these themes are reflected in the four pillars of AAAP presented in 2.2 (and in Box 5 below).

Box 4: GCAs focus themes

- i) Rural well being and food security
- ii) working with nature for more resilient infrastructure
- iii) water for urban growth and resilience
- iv) finance
- v) youth leadership
- vi) cross-cutting linkages

Box 5: AAAPs 4 pillars

- 1) Climate-smart digital technologies for agriculture and food security
- 2) Africa Infrastructure Resilience Accelerator (AIRA)
- 3) Empowering Youth for Entrepreneurship and Job Creation in Climate Adaptation and Resilience
- 4) Innovative Finance Initiatives

GCAs Business Plan is complemented by a distinct *AAAP programmatic document* (2022 draft version) which describes GCA’s activities for implementation of AAAP, including the AIRA pillar. Both documents are framework type-documents, which provide a good basis for understanding GCA’s overall intended direction, and work areas focused on Africa, while they provide insufficient programmatic details to serve as basis for unearmarked Danish funding. Consequently, the proposed Danish support will cover all three pillars of GCA’s Business Plan, but have main emphasis on pillar 1) Programmes and Action, and specific focus on AIRA. The contribution will be earmarked to reflect this balance with the main share for pillar 1) and smaller shares for 2) and 3).

GCA also prepares an annual **work programme** and budget that support the *AAAP programmatic document*. Presently the annual work programme is available in a non-detailed version for 2022. A more detailed annual work programme and budget for 2023 and onwards will be presented by GCA and discussed with donor partners. These annual planning documents will form an important basis for earmarking of the Danish support and for payment of the annual Danish contributions.

GCA is currently developing a **results framework** for its role in implementing AAAP (GCA AAAP Results Framework). It is a high-level results framework that defines a set of intermediate outcomes and long-term outcomes, which at this stage do not specify the linkages to work programmes. GCA has also developed a new AAAP Monitoring and Evaluation Framework (June 2022), including a Theory of Change, indicator outline, and plan outlining processes and roles for monitoring, evaluation, and dissemination and uptake of lessons learned (includes above-mentioned GCA AAAP Results Framework as annex). The AAAP Monitoring and Evaluation Framework has yet to be more thoroughly assessed and discussed with donor partners. Also, since it is entirely new, it may be necessary to assess its adequacy more fully during 2023 based on lessons from its initial period of implementation.

GCAs AAAP programmatic document presents a **financing plan** of USD 250 million for GCA’s work on AAAP during 2021-2025 that is some distance from being fully funded (see Annex A). The AIRA component is budgeted at USD 75 million during 2021-2025 (year/USD million: 2023:15; 2024:22, and 2025:25). UK is currently preparing a contribution to GCA/AAAP of £20 million over four years and Sweden and Norway are both considering renewed funding. Slightly more than half the 2022 budget is financed (Euros 15.4 of 29 million). Information on funding for 2023 and onwards is pending a joint GCA consultation with donors in August/September 2022.

GCA is a young **organization**, established in 2018, with formal status still as a Dutch foundation (“stichting”). The intention is to transition to an international organization, though the exact type, process and timing for clarifying and implementing the shift are not yet decided. Also, GCA has since its establishment been working on developing its systems and structures of organization, governance, and management, with much development still on-going. Weaknesses remain in some areas of GCA’s governance and management, which a recent due diligence by United Kingdom has indicated. GCA is in a tight process of following up on the recommendations emanating from the due diligence exercise with status expected to be discussed with donors in September. Given the young age of GCA, a more systematic in-depth assessment is not available on the performance of GCA’s programmes. However, a Norwegian funded mid-term review was initiated in June 2022 with finalization expected in September. The mid-term review will examine GCA’s work on AAAP based on the DAC evaluation criteria. Denmark participates actively in the joint-donor group closely following the mid-term review in a process agreed with GCA management.

GCA is led by an Executive team, and its **governance structure** includes a three-member Executive Board, a six-member Supervisory Board, and an Advisory Board with currently seventeen members. Denmark’s Minister for Development Cooperation is a member of the Advisory Board (designated for the duration of current term in government). GCA’s headquarters are in Rotterdam and regional offices are established for Africa (offices made available in the AfDB), South Asia (Dhaka) and China (Beijing), supplemented by a knowledge/research hub in Groningen/Netherlands. GCA has approximately 30 staff but is in process of recruiting additional 30 professional staff, to be placed across GCA’s offices.

Overall, and despite GCA’s early development stage, GCA has demonstrated the capacity and important potential to deliver tangible results (as illustrated in section 3 below). The proposed Danish support is based on this as well as on the recognition of GCA’s exceptional role as an actor dedicated to address adaptation, and GCA’s obvious potential in the landscape of climate institutions. GCA’s follow up to the UK-led due-diligence report will form a basis for informing the final design of the Danish earmarked contribution. Also, the findings of the Norwegian funded mid-term review will feed into the final Danish project support document and inform the final design of the Danish support.

3. Lessons and opportunities informing the proposed Danish support

While GCA is a young organization and only provides few lessons learned so far, there are clear indications of the potential, in particular vis-à-vis the adaptation challenge in Africa.

Through its close partnership with AfDB and continued outreach to African leaders, GCA has demonstrated **considerable convening power** organizing several high-level meetings uniting African and non-African heads of state and government around the acute adaptation challenge facing African countries and the decisive need for financing to accelerate adaptation action on the ground¹⁰.

Engaging with international finance institutions, GCA has documented its capacity to influence project pipelines and ensuring the mainstreaming of adaptation into USD 3 billion investments approved by the Boards of Directors the AfDB and the World Bank.

As co-initiators of the AAAP, and as part of implementing the AIRA pillar, GCA and AfDB have piloted a more systematic and efficient approach to the integration of climate adaptation and resilience into AfDBs

¹⁰ E.g. Global Summit on Adaptation, January 2021; Leader’s Dialogue on Africa Adaptation Acceleration, September 2021; Africa Adaptation Acceleration Summit 2 November 2021 as part of the COP26 World Leaders Summit.

pipeline of urban infrastructure investment projects. The partners have done so through the Urban and Municipal Development Fund (UMDF), an innovative trust fund established in AfDB with the aim to ensure a better response from the Bank to the growing needs in Africa's cities. Through this partnership, GCA and AfDB have demonstrated the potential for accelerating urban adaptation and resilience by integrating adaptation into UMDF's preparation of urban linked infrastructure investment projects in a number of cities¹¹.

4. Programme objective

The objective of the Danish support is:

- Greater resilience of Africa's cities and its urban poor to climate change through a scale-up in infrastructure investments that integrate adaptation and climate resilience based on effective tools and knowledge in combination with stronger advocacy for climate adaptation internationally as well as in policies and plans of countries and cities in Africa.

The objective will be promoted through the following main outcomes linked to specific results in GCA's Business Plan (and linked to the AAAP AIRA pillar): ***Transformative and inclusive adaptation programme solutions developed, brokered, implemented and scaled up in Africa's cities.***¹²

The outcome will be achieved mainly by contributing to implementation of activities and results under GCA's Business Plan's three pillars, with main weight on 1) Programmes and action, and under this, specific focus on acceleration of resilient urban infrastructure in Africa defined under AIRA. In addition, the outcome will be delivered also by contributing to GCA's work on knowledge development and advocacy on adaptation, under its Business Plan's pillars 2) and 3).

The Danish support to 1) Programmes and action will enhance GCAs engagement with international financing institutions, not least the World Bank, with a view to scaling up investment in climate resilient infrastructure through a more systematic and efficient approach to the integration of adaptation and resilience into their pipeline of urban infrastructure investment projects in Africa. This work will build on lessons learned from the pilot work done by GCA and AfDB. It will further complement the Danish contribution to the UMDF presented in a parallel concept note.

The support **modality** will be contributions earmarked to each of the three areas in GCA's Business Plan, with the major share allocated to 1) Programs and action, specifically AIRA. Of special relevance will be AIRA's component, City Adaptation Accelerator, which focuses on water and urban adaptation and resilience, through knowledge, governance, planning, investments, and capacity building). Smaller funding shares will be earmarked to 2) knowledge acceleration and 3) advocacy and agenda setting. This level of earmarking will be applied since at this stage GCA's work programme, budget, and results framework are not adequately specified for 2023 and onwards to enable more flexible Danish funding.

5. Theory of change and key assumptions

The below preliminary Theory of Change will guide the support:

¹¹ E.g. Antananarivo, Bizerte, Conakry, Dodoma, Libreville

¹² Based on GCA defined outcome indicator.

- *If* Denmark provides a contribution for GCA’s implementation of initiatives in its Business Plan that promote the AAAP AIRA pillar with a focus on urban infrastructure
- *Then* GCA will engage with international financial institutions, not least the World Bank, to strengthen the integration of adaptation and climate resilience into more urban infrastructure project assessments and investment preparations in their pipeline for Africa, leading to more resilient infrastructure investments for Africa
- *And if* Denmark provides contributions to GCA’s initiatives in its Business Plan on development of knowledge and tools
- *Then* GCA will increase and disseminate more tools and knowledge development on integration of resilience and adaptation into infrastructure investments and other public social and economic initiatives in developing countries, especially in Africa
- *And then* GCA will increase its efforts that promote advocacy and political engagement by political and international leaders to prioritize adaptation in policies and plans, especially in Africa
- *And if* Denmark provides a contribution to GCA’s initiatives in its Business Plan on advocacy and engagement for enhanced investments for urban adaptation and resilience in Africa
- *Then* GCA will maintain a high level of engagement for investment in urban adaptation and resilience in Africa
- *And then* more regulatory/institutional frameworks, policies, and national plans, and investment project proposals in Africa will integrate concerns for adaptation and climate resilience
- *And then more* African cities, including intermediary, will have *more* investment proposals for resilient infrastructure ready and bankable in key adaptation sectors like water, sanitation, flood protection, waste management, etc.
- *And then* MDBs like the World Bank and/or others and the private sector will be able to finance more investments in climate-resilient urban infrastructure in adaptation critical sectors such as water, wastewater, storm water, rainwater, and water resources management
- *And then* climate resilient infrastructure will have been scaled up and resilience in African cities towards climate change will have reached targets of improved conditions, including for poor urban dwellers.

The main assumptions include: A rising demand especially from African cities, supported by national governments, for resilient infrastructure investments. GCA continues to develop its organization and effective implementation capacity in a direction that supports tangible adaptation results on the ground in Africa and good cooperate governance principles.

6. Draft results framework

The below shows the preliminary indicators for monitoring the support, however, outcome and output definitions and indicators will be further developed in the full draft project document and be informed by the further discussions including jointly with GCA’s donor partners on GCA’s results framework. An illustration of GCA’s preliminary reflections on a future results framework is presented in Annex 3.

Project Title	Scaling up the integration of adaption in investments in resilient infrastructure in Africa’s cities - support to Africa Adaptation Acceleration Programme through Global Center on Adaptation
Outcome	Transformative and inclusive adaptation programme solutions developed, brokered, implemented and scaled up [in African cities] (based on GCA defined outcome indicator)

Outcome indicator		Total number of municipalities benefitting from adaptation solutions (GCA indicator 19b) ¹³ Or Total number of beneficiaries benefitting from adaptation solutions (GCA indicator 19e)	
Baseline	Year	2022	Tbd – based on GCA results framework
Target	Year	2026	Tbd – based on GCA results framework

Output		[Programmes and action]	
Output indicator		[GCA propose indicator]	
Baseline	Year	2022	Tbd – based on GCA results framework
Target	Year 1	2023	
Target	Year 2	2024	
Target	Year 3	2025	
Target	Year	2026	

Output		[Knowledge acceleration]	
Output indicator		[GCA propose indicator]	
Baseline	Year	2022	Tbd – based on GCA results framework
Target	Year 1	2023	
Target	Year 2	2024	
Target	Year 3	2025	
...	2026	

Output		[Agenda setting and advocacy]	
Output indicator		[GCA propose indicator]	
Baseline	Year	2022	Tbd – based on GCA results framework
Target	Year 1	2023	
Target	Year 2	2024	
Target	Year 3	2025	
Target	Year 3	2026	

7. Inputs/budget

The proposed support will be based on the budget below. The commitments for 2024-2025 are subject to final approval from the Danish appropriating authorities, which will be based on an inception review during 2023.

	2022	2023	2024	2025	Total
	(DKK million)				
Transformative and inclusive adaptation programme solutions developed, brokered, implemented and scaled up [in African cities] (through GCA):	10,0	19,3	19,3		48,5
Output 1: Programmes and action	7,0	14,0	14,0		35,0
Output 2: Knowledge acceleration	1,0	1,7	1,7		4,3
Output 3: Agenda setting and advocacy	0,7	1,1	1,1		2,9
Administration (13%)	1,3	2,5	2,5		6,3
Reviews, learning, and studies (administered by MFA)		0,75	0,75		
Grand total	10,0	20,0	20,0	0,0	50,0

Note: The payment in year n supports and will be based on the GCA work plan (incl. AAAP) for year n+1

The main part of the contribution (DKK 48.5 million) will be allocated and disbursed to GCA, based on the indicated overall earmarking towards the GCA Business Plan's three pillars linking up to AAAP AIRA pillar. GCA's annual work programmes will be the basis for establishing the earmarking towards specified activities on an annual basis and form the basis for the annual disbursements. Annual disbursements may vary from indications in above inserted budget depending, in particular, on speed in implementation of the AAAP AIRA pillar and available financial contributions from other donor partners. GCA can deduct an administration fee of 13% of the total contribution it receives, matching the level normally charged by

¹³ Comment: In GCA's preliminary results framework, "long-term outcome indicators" don't link directly to specific outcomes, and they seem to measure outputs. GCA's intermediate outcomes link more directly to GCA's defined outcomes (7 in total). Those selected here are for intermediate outcomes.

the United Nations (13%), and reflecting, on one hand, GCA's need to further professionalise and enhance its planning and monitoring mechanism, and, on the other hand, GCA's aspiration to achieve status as international organisation in the future.

A minor share of the contribution is allocated to reviews and select thematic studies in order to meet Danish aid management requirements for approval of commitments and learning-based adaptive management (see section 8 below). This also reflects the need to follow GCA's continuing organizational and programmatic development process during the support period to ensure continued relevance of the design of the Danish support.

GCA has received support from Norway (NOK 125 in 2020-2022) and Sweden (SEK 25 million annually in 2020-2022). This funding is provided as core funding to GCA's Business Plan 2020-2025 with a soft earmarking to activities in Africa. A planned review over the coming months shall determine potential future support from the two countries. Dutch funding amounts to approximately 5 million annually for a three-year period (unclear whether this includes the Dutch contribution to GCA offices in Rotterdam and Groningen). UK is currently preparing a core grant of £20 million over four years and Ireland is consider support. Denmark engages with these donors in the spirit of a coherent approach and development effectiveness. (See also annex A).

8. Institutional and Management arrangement

The contributions earmarked towards the three pillars in GCA's Business Plan areas will be managed through GCA's governance, management, and reporting systems.

GCA will present its upcoming annual work programme and budget each year by November, at the latest, as basis for release of the annual payment. The format and content of the work programme and budget should enable clear identifications of areas of outcomes and outputs linked to the Danish earmarked funds.

GCA will submit its annual results and financial report in a format that enables results and expenditure related to the Danish earmarked funds to be reported on.

GCA convenes regular donor meeting for discussion of results, lessons, and strategic questions and issues arising in which Denmark will participate.

A Danish inception review will be conducted in 2023 as basis for finally approving the 2024 commitment. An additional review will be conducted in 2024. The inception review will consider performance of as well as developments in programmes and the results framework will be assessed as a basis for determining disbursements in 2024. If possible, these reviews will be undertaken jointly with other donors.

In addition, thematic studies/reviews with preliminary envisaged focus on learning and results linked to Danish priorities on adaptation and resilience related to water in Africa's cities will be undertaken as part of Danish aid management guideline's emphasis on learning based adaptive management. These will be managed by the Danish MFA. The reviews will also serve to follow GCA's continuing organizational and programmatic development. Such studies/reviews will inform any adjustments to the Danish support as well as feed insights into other Danish initiatives linked to adaption and to Danish climate diplomacy.

9. Risk Management

The main risks relate to:

- Economic downturn, inflation, and conflict in Africa shift priorities at national and city levels in Africa towards short-term financial priorities and social concerns, away from longer-term investment in resilient urban infrastructure investments, reducing levels of urban infrastructure investments that integrate resilience and tackle adaptation. This risk is likely, however, the Danish support represents a response to this risk, through its focus on promoting advocacy and maintaining adaptation on the political agendas of African leaders through AAAP.
- GCA's organizational and programmatic development is delayed or does not evolve in a direction that provides adequate results in form of improved adaptation and resilience outcomes on the ground in Africa's cities. This risk is likely and relevant, considering GCA's organization is still in a development process, and with not full clarity on its future status and direction; and considering some of GCA's programme implementation and management instruments are still being developed. This will be managed by carefully following the development of GCA's organization, management, and programmes, based on reviews and thematic studies learned and adapt the support in response to developments and lessons; and through a joint approach especially with like-minded donors in the dialogue with GCA.
- GCA facilitates and support diagnostics and project preparations to integrate resilience and adaptation, which ultimately do not materialize in actual investments, since they end up not being funded. This risk is likely, and it should be expected that not every potential investment project will ultimately be funded. This risk will be reduced to maximise the number of resilient project preparations being funded by GCA's careful preview and dialogue with potential funders. The complementary Danish support through the AfDB UMDF helps to mitigate this risk.
- GCA being a new organization develops practices of work and staff conditions the public perceives as wasteful or not in line with best corporate governance principles. This risk is relevant to consider, but seems to be limited in view of the awareness and attention to this issue by GCA and its funders/donors. The risk will be managed through careful monitoring of the developments in GCA's staff and working conditions, jointly with other donors. The topic will be a regular item in the focus of reviews.

Annex 1: Process Action Plan

PROCESS ACTION PLAN		
Activity	Timing/ deadline <i>[month or quarter]</i>	Responsible
Presentation in MFA Programme Committee	18 th August	GDK
Finalisation of project/programme document following PC meeting	August	GDK/GCA
Appraisal – desk appraisal note submitted	Early September	GDK
Follow up to appraisal recommendations	Early September	GDK
<i>Submission for CDP presentation</i>	26 th September	GDK
Presentation for the Council for Development Policy (UPR)	13 th October	GDK
Finalisation of project/programme documentation	October	GDK
Approval by the Minister	October	
Parliamentary Finance Committee, if applicable	October/November	GDK
Expected timing of commitment	December 2022	GDK/GCA
<i>[Other points as relevant]</i>		

Annex 2: Budget and funding information

GCA

GCA Budget to Implement AAAP, 2020-2025 (in millions Euros)

Program	2020+2021	2022	2023	2024	2025	Total	% budget
Climate Smart Digital Technologies for Agriculture & Food Security	4	8	13	19	20	64	26%
African Infrastructure Resilience Accelerator	5	9	15	22	24	75	30%
Empowering Youth for Entrepreneurship and Job Creation	1	2	3	4	4	13	5%
Innovative Financial Initiatives for Africa	2	5	9	13	14	41	16%
Advocacy & Agenda Setting	2	4	6	9	9	30	12%
Knowledge Acceleration	3	3	5	8	9	27	11%
Total Budget	16	30	50	74	80	250	100%

GCA preliminary information on donor funding							
<u>Donor</u>	<u>Currency</u>	<u>Amount (mil.)</u>	<u>Period</u>	<u>Comment</u>			
Sweden (*)	SEK	25	2022	Future commitment depends on on-going evaluation			
Norway	NOK	125	3 years				
Netherlands	Euro	15	3 years				
UK/FCDO	GBP	20	4 years				

(*) Sweden has contributed with SEK 25 million/year during 2020-2022

Annex 3 : Preliminary elements of GCA results framework

Pillar	Type of Projects (Business Lines)	Core Indicators
1. Agriculture and Food Security	Mainstreaming digital agriculture solutions	# of farmers / herders adopting digital climate-enabled solutions (gender disaggregated)
		# of livestock benefiting from DCAS
		# of hectares cultivated using digital climate-enabled solutions
2. Infrastructure and Nature-Based Solutions	City Adaptation Accelerator	# of jobs created
		# of people protected from the designed return period flood events (gender disaggregated).
		# of people provided with improved urban living/working conditions through project adaptation measures (gender disaggregated)
	Climate resilient water services	# of jobs created
		Area under sustainable landscape management practices (# of hectares).
		# people with safe and climate-resilient drinking water access (gender disaggregated)
	Roads	Cubic meters of water storage and retention capacity created
		Km of resilient roads built or rehabilitated
		# of people served by resilient roads
	Rail	# of jobs created
		Km of resilient rail systems built or rehabilitated
		# of people served by resilient rail
	Energy	# of jobs created
		MW of power produced by climate resilient facilities
		# of people served by resilient power facilities
SWM	# of jobs created	
	Tons of waste collected and managed in climate resilient manner	
	# of people served by resilient SWM facilities	
3. Youth	Jobs for Youth	# of jobs created
		# of youth-owned adaptation enterprises created or strengthened
4. Finance	Technical Assistance Program	No. of entities directly accessing climate finance
		Amount of climate finance directly accessed by African institutions (EUR)