MAINSTREAMING SCALING INITIATIVE CASE STUDIES

The Adaptation Fund

Karin Kemper
September 2025

ADAPTATION FUND

SCALING
COMMUNITY OF PRACTICE

MAINSTREAMING SCALING

A Case Study of the Adaptation Fund

by

Karin Kemper

Co-chair Climate Change Working Group, Scaling Community of Practice

September 2025

A Case Study for the Initiative on

Mainstreaming Scaling in Funder Organizations

For the Scaling Community of Practice

www.scalingcommunityofpractice.com

Table of Contents

Preface

The Scaling Community of Practice (SCoP)[1] launched an action research initiative on mainstreaming scaling in funder organizations in January 2023. This initiative has three purposes: to inform the CoP members and the wider development community of the current state of support for and operationalization of scaling in a broad range of development funding agencies; to draw lessons for future efforts to mainstream the scaling agenda in the development funding community; and to promote more effective funder support for scaling by stakeholders in developing countries. (For further details about the Mainstreaming Initiative, see the Concept Note on the SCoP website).

The Mainstreaming Initiative is jointly supported by Agence Française de Développement (AFD) and the Scaling Community of Practice (SCoP). The study team consists of Richard Kohl (Lead Consultant and Project Co-Leader), Johannes Linn (Co-Chair of the SCoP and Project Co-Leader), Larry Cooley (Co-Chair of the SCoP), and Ezgi Yilmaz (Junior Consultant). MSI staff provide administrative and communications support, in particular Leah Sly and Gaby Montalvo.

The principal component of this research is a set of case studies of the efforts to mainstream scaling by selected funder organizations. These studies explore the extent and manner in which scaling has been mainstreamed, and the major drivers and obstacles. The case studies also aim to derive lessons to be learned from each funder's experience, and, where they exist, their plans and/or recommendations for further strengthening the scaling focus.

The present case study focuses on the Adaptation Fund. It was prepared by Karin Kemper, Co-Chair of the Climate Change Working Group of the Scaling Community of Practice. The Adaptation Fund funded this study as an externally-led learning exercise in support of the development of its own strategic directions and as a contribution to the Mainstreaming Initiative of the Scaling Community of Practice.

Executive Summary

The Adaptation Fund (AF) has played a pioneering role in delivering community-focused, innovative, and direct-access climate adaptation finance to developing countries. In the context of rapidly increasing global adaptation needs and in response to the COP29 mandate to triple adaptation finance by 2030, the AF is now at a pivotal moment in its scaling journey. This study, conducted as part of the Scaling Community of Practice's (SCoP) Mainstreaming Initiative, assesses how scaling is currently embedded in the AF's strategies and operations and provides recommendations to further strengthen its scaling impact.

The AF has demonstrated a strong commitment to scaling, as articulated in its Medium-Term Strategy (2023–2027), its institutional innovations (including direct access, readiness and learning grants, and partnerships), and its recent Board decisions to significantly increase project size and country caps. The Fund combines elements of transactional scaling—expanding the size and reach of funded

[1] The purpose of the Scaling Community of Practice (SCoP) is to provide a platform for knowledge exchange among experts and practitioners on approaches to scaling up development interventions, for developing partnerships, and for championing the idea that scaling up development impact is critical for achieving global development aspirations, such as the Sustainable Development Goals and climate change aspirations. Interest in scaling has greatly increased over the 11 years of the SCoP's existence. The SCoP has now more than 4,700 members from over 400 institutions (including bilateral and multilateral development organizations, operating NGOs, grant making foundations, universities and think tanks) and from many different sectoral and thematic areas of professional expertise. (SCoP, 2024a and 2025)

projects—and transformational scaling—supporting systemic change through innovation, knowledge dissemination, and alignment with national adaptation goals.

Analysis of the Fund's approach against the SCoP's eight scaling principles finds that while key progress has been made, further steps are needed to move from incremental improvements to a coherent, results-oriented scaling vision. Current strengths include robust governance with a strong developing-country voice, proven capacity to foster innovation, and a growing evidence base from strong results orientation, independent evaluations, and secretariat learning activities. However, institutional clarity on scaling roles and responsibilities, operational guidance, metrics for scaling outcomes, and enhanced partnerships with other funders remain areas for development.

To realize its full potential as a transformational climate adaptation fund, the AF should articulate a bold scaling vision to 2030 and beyond, aligned with the Global Goal on Adaptation and the New Collective Quantified Goal on Climate Finance, supported by:

- Adjusted policy and operational frameworks;
- Clear leadership and institutional alignment;
- Expanded financing and partnerships (including Article 6 proceeds);
- Strengthened learning and adaptive management.

A deliberate, structured scaling strategy is essential if the AF is to contribute meaningfully to closing the adaptation finance gap and achieving lasting, systemic impact. By consolidating and advancing its scaling efforts, the Fund can build on its unique role and help drive transformational adaptation outcomes at the scale that the climate crisis now demands.

Acknowledgements

The author gratefully acknowledges the support and encouragement of the Adaptation Fund's senior leadership, including its executive, programming, and operational teams, who are key drivers of the Fund's scaling ambitions. Special thanks go to Mikko Ollikainen, Head of the Adaptation Fund, for his valuable insights, and to Neha Sharma, Task Leader for this study, for her thoughtful guidance. In addition, the case study was reviewed by the following Adaptation Fund staff: Martina Dorigo, Justice Musah, Silvia Mancini, and Saliha Doberdzic. The author also thanks Johannes Linn of the Scaling Community of Practice for his insightful inputs on multiple drafts, as well as the various interviewees across institutions who generously shared their perspectives for this study.

The findings, interpretations, and conclusions expressed in this publication are solely those of the author and do not necessarily reflect the views of the individuals mentioned, the Adaptation Fund, or the Scaling Community of Practice.

Acronyms

AF	Adaptation Fund
AFB	Adaptation Fund Board
AFD	Agence Française de Développement
AF-TERG	Technical Evaluation Reference Group of the Adaptation Fund
APAC	Asia Pacific
CBD	Convention on Biological Diversity
CBDR	Common but Distinct Responsibilities
CCA	Climate Change Adaptation
CER	Certified Emission Reduction
CIF	Climate Investment Funds
CMA	Meeting of the Parties to the Paris Agreement
CMP	Meeting of the Parties to the Kyoto Protocol
COP	Conference of the Parties
DA	Direct Access
EE	Eastern Europe
EP	Evaluation Policy
GCF	Green Climate Fund
GGA	Global Goal on Adaptation
GEF	Global Environment Facility
GQRN	Global Quantified Resilience Need
IFAD	International Fund for Agricultural Development
LAC	Latin America and the Caribbean
LDC	Least Developed Country
LLA	Locally-Led Adaptation
MIE	Multilateral Implementing Entity
MTS	Medium-Term Strategy
NAP	National Adaptation Plan
NDC	Nationally Determined Contribution
NCQG	New Collective Quantified Goal on Climate Finance
NIE	National Implementing Entity
UN	United Nations
UNDP	United Nations Development Programme
USD	United States Dollar
RIE	Regional Implementing Entity
SCoP	Scaling Community of Practice
SIDS	Small Island Developing States
SOFF	Systemic Observations Financing Facility
TERG	Technical Evaluation Reference Group
UNFCCC	United Nations Framework Convention on Climate Change

Background and Objective of Study

Development challenges are escalating rapidly, yet the limited pool of funders—including multilateral development banks, bilateral donors, and philanthropic institutions—cannot meet the rising global demand for development finance. As a result, there are growing calls for more efficient and larger-scale use of public finance, with a stronger focus on achieving transformational impact. There is also increasing emphasis on engaging a broader range of actors, particularly local public and private stakeholders in developing countries. While some funders have embedded scaling and transformational approaches into their institutional frameworks, many still lack explicit strategies to do so (SCoP, 2024b).

At the same time, it is important to recognize that climate finance is guided by a distinct set of principles and expectations emerging from the UNFCCC process. Notably, the principle of Common But Differentiated Responsibilities (CBDR) shapes how climate finance is framed, including questions of responsibility, equity, and the purpose of financial flows. This influences not only who is expected to provide and receive climate finance, but also the outcomes it is meant to support. These political and normative dimensions introduce additional layers of complexity to scaling and transformation in climate finance, which are less prominent in traditional development finance discussions.

This study forms part of the Scaling Community of Practice's (SCoP) initiative to assess how selected funders have mainstreamed scaling into their operations and to provide recommendations to the SCoP community on 'how to scale scaling' (SCoP, 2022). The Adaptation Fund (AF) was selected as one of the case studies because of its strong commitment to scaling, as articulated in its Medium-Term Strategy (MTS) for 2023–2027 and as evidenced by its scaling journey since its inception. Furthermore, in the context of the New Collective Quantified Goal on Climate Finance (NCQG), COP 29 adopted the decision "that a significant increase of public resources should be provided through the operating entities of the Financial Mechanism, the Adaptation Fund, the Least Developed Countries Fund and the Special Climate Change Fund". It also decided "to pursue efforts to at least triple annual outflows from those Funds from 2022 levels by 2030 at the latest with a view to significantly scaling up the share of finance delivered through them." (United Nations, 2024). These decisions, as well as the commitment by UN Climate Funds (AF, CIF (Climate Investment Funds), GCF (Green Climate Fund), GEF (Global Environment Facility)) to significantly enhance their cooperation and adaptation investments create an even greater impetus for scaling adaptation finance[2]. Accordingly, this study serves two purposes: to contribute to the SCoP's broader analysis of development funders and mainstreaming scaling, and to support the AF in addressing its challenge for increased, effective and strategic scaling.

Introduction to the Adaptation Fund

The Adaptation Fund (hereafter "AF" or the "Fund") was established in 2001 under the Kyoto Protocol of the UN Framework Convention on Climate Change (UNFCCC) and became operational in 2009. It was originally intended to be fully financed by a share of proceeds from Certified Emission Reduction (CER) project activities under the Protocol. These proceeds would be used both to cover administrative

[2] GCF, 2023. Enhancing access and increasing impact: the role of the multilateral climate funds. Joint declaration of the heads of the Adaptation Fund, the Climate Investment Funds, the Global Environment Facility and the Green Climate Fund. December 2023; https://www.greenclimate.fund/statement/enhancing-access-and-increasing-impact-role-multilateral-climate-funds. In addition, the Systematic Observations Financing Facility (SOFF), which finances improved collection and sharing of surface-based weather and climate observations in developing countries has a cooperation agreement with all four multilateral climate funds.

expenses and to support developing countries that are particularly vulnerable to the adverse effects of climate change[3].

Resource mobilization through CERs was an innovative mechanism intended to reduce donor dependency. Further innovations pioneered by the AF included a majority-developing-country composition on the Fund's Board and the introduction of direct access for national accredited entities. (CBD, 2023)

However, the collapse of carbon markets significantly reduced this revenue source. Since then, voluntary contributions—largely from bilateral donors—have become the Fund's primary source of financing. According to the latest Trustee Report, as of December 31, 2024, total receipts since the AF's inception amount to approximately $2 billion, with about 76 percent stemming from voluntary contributions. (World Bank, 2024)

Following a decision at COP24 in Katowice, Poland, the AF now also serves the Paris Agreement. Under Article 6, paragraph 4 of the Paris Agreement, the Fund is expected to receive proceeds from the voluntary carbon market mechanism once it becomes operational. This will again change its funding sources and could develop into significant increases in resources.

Aligned with its MTS (2023–2027), the AF supports diverse adaptation initiatives across sectors on a full-cost basis. The largest share of grant funding flows to Africa, followed by Asia-Pacific, Latin America and the Caribbean (LAC), and Eastern Europe.

National implementing entities can access funding directly, an innovation that promotes country ownership. The AF is governed by the Adaptation Fund Board (AFB), which comprises 16 members and 16 alternates, two thirds of whom represent developing countries, meeting at least twice annually[4].

The AF differentiates itself from the vertical climate funds such as the GEF, GCF, and CIFs by:

- Focusing on upfront financing of concrete adaptation activities with the expectation that these will later be scaled by other actors, both national and international.
- Offering direct access to National Implementing Entities (NIEs), thus building a broad network of nationally-based implementing partners worldwide.
- Supporting accreditation and readiness: At a programmatic level, the Fund offers opportunities to strengthen the technical and institutional capacities of national organizations to program adaptation finance, and design and implement adaptation projects via the Direct Access (DA) and Enhanced Direct Access (EDA) modalities. The aim is to prepare NIEs and generate a track record that allows them to access and manage higher levels of adaptation finance.
- Prioritizing innovation in community-led resilience and nature-based solutions across sectors.
- Emphasizing adaptation knowledge creation and dissemination.

As of April 2025, the Fund had approved 199 projects, with a total portfolio of around $1.4 billion and a broad network of 61 implementing entities, with a majority of 37 being NIEs and 9 Regional

---

[3] Originally all Annex II countries to the Kyoto Protocol were eligible to access the Adaptation Fund. This is now being transitioned to all developing countries that are party to the Paris Agreement.

[4] A majority of AFB members–about 69 percent–represent developing countries: (a) Two representatives from each of the five United Nations regional groups; (b) One representative of the Small Island Developing States; (c) One representative of the least developed country Parties; (d) Two other representatives from the Parties included in Annex I to the Convention (Annex I Parties); (e) Two other representatives from the Parties not included in Annex I to the Convention (non-Annex I Parties). (Adaptation Fund, 2025a)

Implementing Entities (RIEs)[5], highlighting its focus on developing country ownership and decision making.

As the Fund is seeking to scale up its impact, it must balance this ambition with preserving its unique role as a nimble, community-focused, direct-access adaptation fund. The following sections explore these challenges and opportunities.

What is Scaling?

The Scaling Community of Practice (SCoP) defines scaling as "achieving sustainable development impact at large scale, where large is defined as a significant share of the problem" (SCoP, 2022). In its recent evaluation of AF scalability, the TERG (the AF's independent Technical Evaluation Reference Group) points out that:

> *'At present, there is not a common definition of scaling and/or scalability used by the Adaptation Fund. However, scalability is one of the criteria for evaluation under the evaluation policy (EP) of the Fund. The EP defines scalability as "the extent to which the intervention demonstrates that CCA (Climate Change Adaptation) can be increased or replicated at a broader scale, as well as in other contexts." As the 2022 knowledge product produced by the AF Secretariat noted, "…scaling up adaptation interventions means increasing the impact of climate change adaptation innovations, policies, programmes, and projects successfully tested in pilots by extending their outreach to more people, in different places over time, and ensuring this deliberate expansion is done sustainably by adapting to local context and fostering policy change and programme development on a lasting basis." (AF 2024a).'*

To enhance scaling success, the TERG encourages the AF to develop its own definition of scaling.

For the purpose of this study, we combine the above definitions. This allows alignment with the AF's operational language while leveraging the SCoP's analytical granularity. Scaling in this study refers to expanding, replicating, adapting, and sustaining development interventions in order to achieve sustainable, systemic, and significant impact across relevant sectors and geographies. Scaling can be:

- **Transactional**, expanding or replicating interventions to new geographies or populations with bigger one-off projects. The one-off impact of transactional scaling can be significant. However, this approach does not consider how much of a contribution the project makes to solving the overall underlying development problem, for instance a country's need to adapt to climate change.
- **Transformational**, that is, scaling an innovation or intervention along a pathway towards a longer-term scale goal, supported by systemic policy and institutional change. Transformational scaling takes place when initiatives, innovations or projects are pursued with *full attention to long-term scale goals and potential pathways to achieve these goals*. They must be aligned with local priorities and ownership and leverage local knowledge and solutions. Initiatives, innovations or programs are designed, implemented and evaluated as steppingstones to achieve goals with explicit reference to addressing systemic barriers and ensuring that enabling conditions exist for sustainable scaling. This includes combination with substantial systems

[5] As of 6 February 2025, the Fund had accredited a total of 58 implementing entities comprising of 34 NIEs, 9 RIEs, and 15 MIEs. Of the 34 NIEs, 11 were from Least Developed Countries (LDCs) and six from SIDS. In terms of the regional distribution of the 34 NIEs and 9 RIEs, 14 entities were from Africa, 16 from Latin America and the Caribbean (LAC), 12 from Asia-Pacific (APAC) and 1 entity was from Eastern Europe (EE) (Adaptation Fund, 2025b). According to the AF Secretariat, by April 2025 three further IEs had been accredited, making it a total of 61.

changes in terms of policy reform and institution strengthening at scale as well as deliberate upfront steps for scaling. (Based on SCoP, 2024b)

As pointed out in the 2024 SCoP report, the above definitions are the outer endpoints of scaling approaches. In practice there is a continuum from purely transactional to fully transformational scaling and organizations would be expected to combine both transactional and transformational scaling elements at the same time. This is also true for the Adaptation Fund which combines various features of both transactional and transformational scaling.

Methodology and Analytical Framework

Methodology

This study is based on an extensive review of documentation related to the Adaptation Fund, including strategies, evaluation reports, annual performance reports, and Board decisions. It is supplemented by interviews with select staff and leadership of the AF Secretariat, staff of the GEF, the GCF, CIF, as well as AF Board and TERG members, and other development partners. The analysis also draws on the author's longstanding experience with development finance institutions and climate funds.

Analytical Framework

The analytical framework is based on the eight Scaling Principles developed by the Scaling Community of Practice (SCoP, 2022). These principles are recognized as critical to successful mainstreaming of scaling in development organizations. This study systematically assesses how these principles have been applied—or could be further applied—by the Adaptation Fund. This assessment forms the basis for recommendations aimed at strengthening the Fund's scaling ambition.

The Eight Scaling Principles (SCoP, 2022):

1. **Vision of Scale**: Establish a clear and compelling vision for achieving impact at scale.
2. **What to Scale**: Define the core elements of interventions that can be sustainably scaled.
3. **Who will Scale**: Identify champions, leadership, and partnerships necessary for scaling.
4. **Systemic Opportunities and Constraints:** Identify and align with or address system-level factors.
5. **Scaling Strategy and Pathway:** Develop a participatory and inclusive scaling strategy.
6. **Implementation Capacity and Resources:** Mobilize resources and institutional capacities.
7. **Iterative Learning and Adaptation:** Adjust scaling pathways based on evidence and lessons.
8. **Evidence Base:** Build and utilize rigorous evidence to inform and drive scaling.

In the context of these principles, we analyze the transactional and transformational elements of the Adaptation Fund's approach and what it means for its scaling ambitions looking forward.

Analysis and Discussion

Principle 1: What is the Vision of Scale?

The Adaptation Fund's original vision regarding scale was predicated on a robust stream of resources from carbon market transactions under the Kyoto Protocol. However, the collapse of carbon markets forced the Fund to adjust its vision, shifting from expectations of abundant, predictable funding to reliance on voluntary, unpredictable donor contributions (CBD, 2023).

Consequently, the Fund has remained smaller than other climate funds such as the GCF or GEF. Its early operational model placed lifetime funding caps on country access and with USD10 million maximum project size (until recently), financial support to scaling has been limited, especially in the context of larger developing countries.

Interviewees confirmed that the Fund's vision is currently undergoing a shift. The growing global emphasis on adaptation—catalyzed by the Global Goal on Adaptation (GGA), the New Collective Quantified Goal on Climate Finance (NCQG), and Article 6 of the Paris Agreement—necessitates a new vision that proactively includes scaling the size of financing envelopes, notably due to the above-mentioned expectation of tripling outflows by 2030 (United Nations, 2024).

The Fund now stands at an exciting inflection point. Scaling is firmly embedded in its current 2023–2027 Medium-Term Strategy (MTS), and recent Board decisions clearly reflect a forward-looking scaling mindset (see sections below). The next leap is to chart a bold, time-bound scaling vision—one that looks ahead to 2030 or 2035—and to define transformative impact targets that align with the world's growing adaptation needs and, at the country level, with beneficiary countries' National Adaptation Plans and Nationally Determined Contributions. This opens up an opportunity to drive greater global impact in the years to come.

Principle 2: What to Scale?

The Adaptation Fund serves the Paris Agreement by accelerating effective adaptation action and efficient access to finance, including through direct access, by supporting concrete adaptation projects/programs, innovation, and learning with tangible results at the local level that can be scaled up (AF, 2022).

Accordingly, the AF has developed instruments that allow it to finance concrete investments in adaptation, as reflected in its 199-project portfolio. The AF was the first multi-lateral climate fund that introduced direct access by countries through national accredited entities and it explicitly aims to drive innovation and adaptation knowledge.

Scaling for the AF thus could take the following forms:

- **Transactional Scaling** – scale one-off projects by making more funding available and/or by enabling bigger and more projects for each eligible country.
- **Transformational Scaling** – scale on a path with a broader target in mind and enable investments to be strategically scaled to follow this path in a systemic way.

These two scaling approaches complement each other, i.e. on the one hand more funding is made available to meet the growing need for adaptation financing, and on the other hand, this funding explicitly ties into countries' adaptation goals, for instance into their National Adaptation Plans (NAPs) and Nationally Determined Contributions (NDCs).

The answer to the question of What to Scale, is thus related to the vision of the AF. Does its leadership, including the Parties to the UNFCCC Paris Agreement and the AFB, consider it to be a fund that expands primarily by financing more and bigger projects to support beneficiary countries' goals and abilities to deal with climate change? How much will the AF focus on scaling its own investments and how much will it leverage its investments by working with other partners that scale AF projects, effectively acting as an intermediary fund? Which elements of transactional and transformational scaling does it want to emphasize?

Various interviewees for this study highlighted the need for the AF to enhance its project scaling as an important step, as has recently happened (see below). Others highlighted the Fund's speciality regarding community-led adaptation with a focus on concrete, smaller projects and felt that the Fund needs to maintain this role. The Fund's emphasis on innovation and readiness was highlighted frequently, which would permit other entities (either in-country or partner organizations) to scale these experiences.

Thus, as is the case for other organizations, the AF is aiming to increase both elements, transactional and transformational scaling:

Transactional scaling

The latest decisions by the AF Board in April 2025 indicate that a significant step towards increasing project size has taken place. Financing caps had kept AF-funded projects modest in scale compared to e.g. the GCF, another fund exclusively dedicated to climate[6]. Although this has preserved the AF's focus on community-driven, localized adaptation, and it meets the absorption capacity of especially SIDS and other smaller countries, it has also limited systemic impact in larger countries.

The AF Secretariat – in a quest to mainstream scaling - has been trying to increase project size and the Board in its recent meeting of April 2025 approved the following increases:

- Maximum project size for a single country was increased from **USD 10 to 25 million**
- The maximum project size for a regional project (involving at least two countries): **USD 14 million to USD 30 million**
- Lifetime country cap increased from **USD 20 to 40 million**

In addition, regional proposals (now increased to up to USD30 million) are outside of the country life-time caps.

The above can be combined with the existing windows that already permit countries to access additional funding outside of the country caps and to enable more transformational scaling. Notably:

- The innovation window: USD5 million for large grants and USD250,000 for small grants
- Locally-led adaptation window: USD5 million grant per project
- Learning grants: up to USD500,000 for soft types of activities, including lessons learned, workshops, partnerships, knowledge platforms, studies and evaluations.

The above increases mean that a country could now access the AF for up to USD40 million of regular projects, plus USD5 million from the innovation funding window (for single-country), plus USD5 million from the locally-led adaptation (LLA) window for single-country projects, as well as participate in regional

[6] The GCF categorizes funding proposals based on their total projected costs, irrespective of the portion funded by the GCF. Micro: Up to and including USD 10 million; Small: Above USD 10 million and up to and including USD 50 million; Medium: Above USD 50 million and up to and including USD 250 million; Large: Above USD 250 million (GCF, 2022)

projects of up to USD30 million per project (regular or LLA), and support its portfolio with a learning grant. This has clearly increased the scale at which the AF works and can expect to make the AF more attractive to larger countries as well as to a broader range of implementing entities.

These significant changes indicate a movement towards transactional scaling by the AFB. The increases are not trivial and will also require that the AF Secretariat and the implementing entities be able to design and execute larger-style projects.

Transformational Scaling

The AF has a range of complementary instruments that aim to scale with a view to transformational impact. Since the AF has transitioned to serve the Paris Agreement, its projects are required to align with countries' National Adaptation Plans, Nationally Determined Contributions, and/or National Adaptation Programs of Action (as applicable), so that they contribute to broader country adaptation goals. The AF readiness grants enable countries to prepare adaptation projects, and knowledge grants help disseminate adaptation knowledge. In addition, the fact that in many cases AF projects are implemented by National Implementing Entities, aims at transformational impacts through increased country capacity, ownership and coordination.

Accordingly, the elements for transformational scaling, which seeks to support a broader goal in a more systemic way, already exist. Second, scaling of AF projects is among the areas of collaboration under the broader partnership with the GCF (the approach to scaling is currently undergoing further development). Targeted expansion of such partnerships with other entities, for instance bilateral donors, national and multilateral development banks and philanthropic funders is a possibility which is explored further below.

In sum, the Fund has taken steps to scale its own projects from a transactional perspective. It also displays elements of transformational scaling. Further transformational scaling will require a combination of a longer-term vision and pathway towards adaptation goals beyond the end of individual projects, support for systemic change in support of scaling, and systemic handoff at project end to those who will continue to sustain and scale the intervention. These aspects will be addressed in the coming sections.

Principle 3: Who Will Scale?

Responsibility for scaling in the context of the AF can be found at various levels. When asked where this responsibility lies interviewees offered varying perspectives. Most put emphasis on the role of the Board, but other entities were also mentioned. Suggestions included:

- The Board must create the enabling policy environment.
- Beneficiary countries must drive scaling, ensuring demand-driven expansion.
- The Secretariat, particularly the Programming and Results Management Units, must proactively support and facilitate scaling opportunities.
- Other funders (climate funds, country public and private sectors, multi-lateral organizations and bilateral funders) should learn from AF experience and innovations and use it to help countries go to scale.

In the following, we will systematically analyze the complementary roles of these actors.

The Board

Boards are key decision makers and providers of strategic direction for international organizations. The AFB is special in the international development context because from the outset it has had a majority of developing country representatives. As we saw in the beginning, the AF has experienced changes in its funding environment and the AFB has shown its ability to adapt its decision making over time, thus shaping scaling opportunities and constraints. The AFB itself derives its mandate from the Parties to the Paris Agreement (and earlier from those of the Kyoto Protocol), i.e. the Parties ultimately determine how the AF should pursue (or not) scaling. However, scaling is firmly embedded in a variety of policy and strategy documents approved by its Board.

The Board recently increased maximum allowable project size and the cap on total financing and therewith enabled more transactional scaling, effectively strengthening the AF's mainstreaming scaling journey.

In addition, especially the currently valid MTS 2023-2027 but also the previous MTS 2019 – 2022, both approved by the Board, contain specific scaling elements. A document by the Government of Denmark, which has recently decided to become an AF donor and an observer on the AF Board, mentions the Fund's prospect of scaling adaptation finance multiple times (Denmark Ministry of Foreign Affairs, 2024).

Over time, the Board has also approved the creation of various additional funding windows, ranging from the innovation window to the learning grants, all of which are geared towards mainstreaming scaling by enabling countries to test out adaptation approaches and to proactively learn from them. In addition, enabling and community-led grants are designed to provide the foundation for country governments and communities to develop further adaptation actions and programs.

Thus, on the one hand, the scaling mandate is derived from the Board. As one interviewee said, 'Scaling is part and parcel of the Adaptation Fund'. Yet, there is not yet a sharp vision of what scaling for the AF would ultimately look like. Open questions are if it were to become a fund with even larger projects, how many and which scaling partners it should have? Should it scale with, for example, co-financing or parallel financing? If and how should it support systems reform? Should it require beneficiary countries to develop longer-term pathways for programs and projects to enable more transformational scaling?

Accordingly, while the Board has taken decisions towards mainstreaming scaling, there are concrete actions it could champion to articulate a vision of what the AF should look like in five or ten years, and to adapt the next MTS to reach that vision which would permit it to move the AF along the continuum from transactional to transformational scaling by further strengthening both these elements. In its final form, such steps would need to be endorsed by the CMA/CMP that the Board reports to.

Countries' role

AF governance is structured to place developing countries firmly in the driver's seat. As such, beneficiary country governments play a central role in advancing both the COP29 mandate to triple AF investments and the objectives of the AF MTS 2023–2027 related to scaling. This implies designing AF projects with built-in scaling elements from the outset—such as larger project scopes, co-financed components, parallel financing, or handover to other actors for scaling (national or international agencies, or the private sector) once AF funding concludes. Yet, according to the 2024 TERG evaluation that examined a part of the portfolio, only a few of the 21 projects assessed (representing 15% of the total AF portfolio) incorporated scaling into their original design. Scaling through other partners was observed in an estimated 18 projects, in the part of the portfolio that was examined. These figures are based on a sample and should be interpreted cautiously. Moreover, the Fund is not currently systematically tracking scaling and many instances of scaling may be going unreported. Scaling up individual investments may entail an opportunity cost of using the same resources to implementing projects that fill in other adaptation gaps. The Adaptation Fund does not prescribe whether funding should be allocated to scaled-up investments or new, unrelated investments. Hence, lower numbers of projects being scaled may also reflect different priorities by countries. Nonetheless there is scope for further mainstreaming both transactional and transformational scaling. A detailed analysis of countries' adaptation investment portfolios—and the extent to which AF project experiences may have been informally integrated into them—is beyond the scope of this study. However, there is clear potential for more deliberate, country-driven efforts to pursue scaling.

To date, only 11 AF beneficiary countries have come close to reaching the previous lifetime financing cap of USD 20 million. This suggests that many eligible countries have yet to fully capitalize on AF grants. It would be valuable to understand what alternative sources of adaptation finance these countries have accessed, and why they have not yet taken greater advantage of the AF. Interviewees for this study pointed to several possible explanations. In some cases, countries may propose strong project ideas but require additional support to develop them into fully implementable proposals. One possible explanation was the earlier, low lifetime cap that may have discouraged some government agencies from investing in the skills and systems needed to access AF funding. The recently-approved increases in project and lifetime caps may now offer greater motivation to invest in such institutional infrastructure. Maximizing the use of AF resources could already support some scaling; if coupled with built-in scaling elements—such as partnerships, design for scale, and planned handover—this could substantially enhance overall impact and contribute to transformational change.

Thus, countries could take more deliberate advantage of the opportunities offered by AF finance—both by accessing available funding and by integrating it more strategically into their broader adaptation investments.

Role of Other Funders

According to the MTS 2023-2027, scaling is a core objective of the Adaptation Fund, building on its strengths as a nimble mechanism capable of financing concrete adaptation projects and innovative approaches (AF 2022). The MTS also envisions that other institutions will play a role in scaling AF-financed interventions. The independent evaluation (Adaptation Fund, 2024a) found that relatively few projects had been scaled up by other funders in the sample that they examined.[7] Most scaling had been undertaken by the Green Climate Fund (GCF), with which the AF has a pilot joint cooperation framework. One bilateral funder—Italy—has also scaled up an AF project and is exploring the potential to scale several others. In the course of this study, further scaling investments by other funders have been identified. This includes the SDC (Swiss Development Corporation)-financed BRAVA project in the South American Andes, which is currently scaling up a previous AF project, as well as AF projects in Rwanda that will be scaled up by the EIB and the GCF, respectively. Notably, the AF itself also scales up other funders' projects. Two such investments are currently under preparation.

Scaling through partner institutions is both logical and efficient. Multilateral climate funds, UN agencies such as UNDP, and multilateral development banks (MDBs) as well as bilateral development agencies

[7] The TERG study identified 51 (out of the then portfolio of 143 projects) that had had at least a mid-term evaluation. It analyzed a sample of 15 of these projects and found that of these just a few had scaled up or were explicitly intending to scale up. While the sample is not statistically representative and the figures need to be considered cautiously, the TERG concluded that there was scope for more deliberate scaling, including with partners.

have extensive experience in delivering larger-scale projects. Leveraging the AF's piloting and innovation role to inform and feed into these larger-scale mechanisms can help accelerate progress toward the Global Quantified Resilience Need (GQRN) and support the COP29 mandate to triple adaptation finance outflows (United Nations, 2024).

However, several institutional barriers remain:

- **Lack of Co-Financing Requirements:** By design, the AF does not require co-financing. This reflects a deliberate choice by Parties to the Kyoto Protocol and Paris Agreement to preserve the Fund's character as a fully grant-based mechanism. While blending with loans or credits is not a formal requirement, some stakeholders perceive co-financing as a step in that direction. As a result, co-financing has not been operationalized, limiting opportunities for joint scaling.
- **Limited Financial Scale:** The relatively modest size of AF project funding has historically been less attractive to MDBs, which tend to operate at larger financial scales. This may change in light of recent Board decisions to increase project and lifetime funding caps.

In summary, both the AF Secretariat and Board are committed to expanding collaboration with other funders. The joint framework with other institutions offers a promising model that could be scaled further. While real challenges exist, they are largely institutional and communicational in nature—and addressable[8]. Removing these barriers would help create a more conducive environment for scaling.

Notably, if the AF aims to advance along the transformational-scaling continuum, it will be essential to integrate partnership planning into project design and implementation. This includes identifying potential scaling partners early, establishing pathways for effective handover at project close, and creating incentives for partners to engage with and better understand the AF. Realizing this vision will require active contributions from the AF Board, Secretariat, and beneficiary countries alike.

The AF Secretariat

The Secretariat serves as the operational arm of the Adaptation Fund (AF), with a dual role: it proposes actions for Board consideration and implements decisions taken by the Board. This places it at the center of efforts to mainstream scaling. Interviews with Secretariat staff emphasized that their mandate on scaling is derived from Board decisions, and that any further steps toward enhanced scaling must be explicitly approved by the Board.

In line with this, while the Secretariat has taken the lead in developing proposals to facilitate the expansion of transactional scaling, certain actions—such as introducing systematic tracking of scaled-up projects—will require prior Board endorsement. For example, current project proposal templates do not ask implementing entities to describe how a project might be scaled up in the future (whether by the AF itself, national implementing entities, multilateral development banks, the private sector, etc.). As a result, proposals do not need to necessarily include scaling indicators, making it difficult to assess scalability at project end. Interviewees also noted that it is the sovereign prerogative of each country to determine whether scaling is pursued; therefore, scaling cannot be made a formal requirement in project documentation.

[8] For instance, the AF recently adapted its requirements regarding safeguards which now make it easier for other MIEs to use their own systems, as long as they meet the minimum requirements of the AF. This example shows how barriers can be removed to facilitate working with other funders.

The Secretariat uses a "sustainability at project end" criterion as a way to assess sustainability and scalability. However, more explicit inclusion of scaling metrics in project results frameworks would improve consistency and learning. The independent evaluation (AF, 2024a) recommends: "Update the guidance to IEs [Implementing Entities] in the funding proposal templates to detail what is expected in an understanding of scalability. While not all projects should be scaled up, it is useful to understand why they might or might not be suitable for scaling, and how scaling could happen if the project will pilot concepts and activities suitable for scaling."

A second area of relevance is co-financing—often a proven route to scaling and enhanced impact. However, many AF Board members strongly favor the Fund's full-project financing model and many are not in favor of introducing a co-financing requirement which they believe will have negative consequences on the amount of adaptation finance that lower-income countries can access. Parallel financing arrangements may offer a potential compromise by respecting the Fund's principles of funding the full cost of adaptation while still enabling collaboration with other funders[9].

In sum, the responsibility for scaling lies across the AF's governance architecture. Several aspects of operational procedures and project design guidance could be strengthened to better support the Fund's scaling ambitions. Political economy considerations will also be critical and must be explicitly accounted for as the Fund advances its scaling agenda.

Principles 4 and 5: How to Plan for Scaling?

The Fund's MTS (2023–2027) embeds scaling as a strategic priority. Specific references include:

- Strengthening innovation to support scalable adaptation solutions.
- Promoting knowledge management to foster replication and learning.
- Enhancing partnerships to leverage external financing and expertise.

The MTS is an important step in itself. However, in light of the above analysis, we see that the AF could further enhance its scaling journey by setting specific agreed targets, developing operational definitions of scaling, and a detailed implementation roadmap.

One important issue is that the AF currently has some USD400 million in unallocated funds, i.e. with about USD1.25 billion disbursed and committed over its lifetime, it has about a third of this amount available for funding. A first important step towards more impact would be to drive the productive utilization of these funds, especially by NIEs and RIE, for instance by supporting countries to make their proposals more viable and moving them towards implementation. With project and country caps having increased, there is now an opportunity for those countries that already have been beneficiaries of AF funding, to go into a second or third round of funding.

A promising avenue to move towards the planned higher outflow of adaptation finance could be the GEF, AF and GCF working more closely together by providing agencies that are already accredited to the AF and the GCF access to SCCF and LDCF funding (GEF, 2025). This would be a direct path towards scaling for this subset of vulnerable countries by building on the AF's (and GCF's) institutional and enabling work. One could also develop proposals in reverse, i.e. entities that are fully accredited with the

[9] Parallel Finance in this context would imply that an NIE or MIE would develop an AF project using the usual AF full-cost approach. It would do so in parallel with another funder who would develop a complementary project also with its own approach. This would mean that (i) the AF project would still follow its own guidelines, (ii) the AF project would not depend on the other funder's project going through, (iii) both the AF and the other funder could follow their own project cycles without impacting the other in case of delays, and (iv) due to the complementarity the beneficiary country would at the end have a total higher investment in a synergetic way. This approach could for instance be taken in the context of a country platform and/or contribution to a country's NAP.

GEF and/or the GCF (including their application of Environmental and Social Frameworks/Safeguards) could also implement projects with the AF using rules agreed with those other organizations.

For proactive planning on how to scale the Fund could:

- Define clear scaling pathways addressing the issues that hamper those pathways as outlined in the previous sections.
- Set concrete scaling targets aligned with its role and mandate – and, importantly, a vision of what the AF should look like in the medium term.
- Identify systemic constraints and address them through strategic interventions.

Principles 6 and 7: How to Implement the Scaling Strategy?

The Fund has already taken important incremental steps toward both transactional and transformational scaling:

- Increased project size caps and country access caps.
- Created innovation challenge windows with scalable grant structures.
- Worked on creating cooperation frameworks (e.g., with the GCF).
- Introduced learning grants emphasizing scaling lessons.
- Included scaling in its Evaluation Policy.

These efforts align with Principle 6—mobilizing institutional resources, creating incentives, and engaging stakeholders.

The learning grants are an important instrument of the Fund and support proactive learning (Principle 7) to refine and adapt approaches over time. Grant resources for learning are not a given in international development institutions and their existence shows that the AF has the ability to finance the full gamut of adaptation actions needed, from community-focused, innovative design to enhancing in-country implementation abilities, to learning and scaling.

A comprehensive scaling implementation plan is needed to make use of all these instruments and proactively create a comprehensive push along the transactional to transformational scaling pathway.

Principle 8: Evidence Base

The Fund has put significant emphasis on monitoring, evaluation, and learning. Independent evaluations, established learning, results and knowledge functions, and regular portfolio analysis create an evidence base for scaling. The recent decision to create an evaluation liaison between the Secretariat and the TERG is also an important step to drive Monitoring and Evaluation from the inside.

Importantly, adequate scaling metrics need to be used in the results frameworks so that studies and analyses can track scaling efforts in an effective manner.

Summary Analysis and Conclusions

The Adaptation Fund is at a critical juncture. It has made notable progress in its journey toward mainstreaming scaling principles into its work. It has shown flexibility and resilience in adjusting to evolving circumstances—from carbon market collapse to current adaptation financing imperatives. At the same time, Climate adaptation needs are growing exponentially, and the Fund's demonstrated strengths—community-led approaches, direct access modalities, and innovation in adaptation—are more valuable than ever. These strengths must now be leveraged for sustainable impact at a much greater scale if the Fund is to remain fit-for-purpose in the post-COP29 context.

The AF's scaling activities show elements of all eight Scaling Principles, with a stronger emphasis towards transactional scaling while also incorporating transformational scaling elements.

Steps towards enhanced scaling could include:

- Moving from incremental adjustments to a *coherent scaling vision*. While transactional scaling is important, elements of transformational scaling also need to be enhanced in a targeted manner.
- *Expanding financial capacity* (through current and new resources, including Article 6 proceeds).
- *Developing bankable projects* suitable for larger and more systemic scaling while helping smaller countries to develop viable proposals in accordance with their needs and absorption capacity.
- Clarifying the *enabling environment* for scaling at all institutional levels.
- Strengthening partnerships and providing incentives to leverage *external scaling pathways*.
- *Developing a clear vision and operational plan* to move the Fund's mainstreaming scaling ambition to a targeted outcome.
- Systematically *incorporating scaling metrics* into projects' results frameworks.

A deliberate, structured scaling strategy focused on a clear vision of the Fund and supported by clear institutional alignment, enhanced financing mechanisms, incentives and proactive partnerships, is essential to realize the Fund's full potential.

References and Background Documents

Adaptation Fund. 2018. *Medium-term strategy 2018-2022*. https://www.adaptation-fund.org/wp-content/uploads/2018/03/Medium-Term-Strategy-2018-2022-final-03.01-1.pdf

Adaptation Fund. 2022. *Medium-term strategy 2023-2027*. https://www.adaptation-fund.org/wp-content/uploads/2022/12/Medium-Term-Strategy-2023-2027.pdf

Adaptation Fund*. 2024a. AF-TERG thematic evaluation of scalability concepts and practice at the Adaptation Fund. Final Report.* Washington, DC. https://www.adaptation-fund.org/wp-content/uploads/2024/09/AFB.EFC_.34.5_AF-TERG-TE-Scalability-Evaluation-Report.pdf

Adaptation Fund. 2024b. *Annual performance report for the fiscal year 2024*. https://www.adaptation-fund.org/wp-content/uploads/2024/09/AFB.EFC_.34.8_Annual-Performance-Report-for-FY24.pdf

Adaptation Fund. 2025a. *Who is on the Board?* Downloaded from: https://www.adaptation-fund.org/about/governance/board/

Adaptation Fund. 2025b. *Implementing entities*. https://www.adaptation-fund.org/apply-funding/implementing-entities/?utm_source=chatgpt.com

CBD (Convention on Biological Diversity). 2023. *Executive summary of the compilation of lessons learned from other international funding mechanisms*. https://www.cbd.int/doc/c/614a/6fec/ae55835cbe586f697f9bcc99/wgdsi-01-02-add2-rev1-en.pdf

Denmark Ministry of Foreign Affairs. 2024. *Danish Organisation Strategy for the Adaptation Fund*. https://um.dk/en/-/media/websites/umen/danida/about-danida/danida-transparency/council-for-development-policy/meetings-in-the-council-for-development-policy/upr-12-09-24/draft-organisation-strategy-for-the-adaptation-fund-2024-2027_incl-annexes.ashx

GCF (Green Climate Fund). 2022. *Decision-b31-06-b31-a03. Annex III: Revised definition of the scale of intended activities*. https://www.greenclimate.fund/sites/default/files/decision/b31/decision-b31-06-b31-a03.pdf?utm_source=chatgpt.com

GCF. 2023. *Enhancing access and increasing impact: the role of the multilateral climate funds. Joint declaration of the heads of the Adaptation Fund, the Climate Investment Funds, the Global Environment Facility and the Green Climate Fund*. December 2023. https://www.greenclimate.fund/statement/enhancing-access-and-increasing-impact-role-multilateral-climate-funds

GEF. 2025. *Draft GEF programming strategy on adaptation to climate change for the Least Developed Countries Fund and the Special Climate Change Fund for the GEF-9 period of July 1, 2026 to June 30, 2030 and operational improvements*. https://www.thegef.org/sites/default/files/documents/2025-04/GEF_LDCF.SCCF_SM1_Programming%20Strategy.pdf

Gordian Knot Strategies. 2024. *Our Take: Financing Climate Adaptation in Developing Nations and the Role of International Institutions*. By Jay Tipton.

https://gordianknotstrategies.com/2025/04/29/our-take-financing-climate-adaptation-in-developing-nations-and-the-role-of-international-institutions/

SCoP (Scaling Community of Practice). 2021. *Scaling Principles.* By Richard Kohl and Johannes Linn. https://scalingcommunityofpractice.com/wp-content/uploads/bp-attachments/8991/Scaling-Principles-Paper-final-13-Dec-21.pdf

SCoP (Scaling Community of Practice). 2022. *Mainstreaming the scaling agenda in development funder organizations: a review*. https://scalingcommunityofpractice.com/mainstreaming-the-scaling-agenda/#Program-of-work

SCoP, 2024a. *Scaling Community of Practice Annual Report 2024*. https://scalingcommunityofpractice.com/wp-content/uploads/2025/01/Annual-Report.pdf

SCoP. 2024b. *Mainstreaming scaling in funder organizations: An interim synthesis report*. By Johannes Linn, Richard Kohl and Larry Cooley. https://scalingcommunityofpractice.com/wp-content/uploads/2024/06/FINAL-Interim-synthesis-report.pdf

SCoP. 2025. *SCOP – About Us*. https://scalingcommunityofpractice.com/about-us/

United Nations. 2024. *Matters relating to finance*. UN/Framework Convention on Climate Change. FCCC/PA/CMA/2024/L.22. https://unfccc.int/sites/default/files/resource/cma2024_L22E.pdf

World Bank, 2024. *Adaptation Fund Trust Fund Financial Report Prepared by the Trustee as of December 31, 2024*. https://www.adaptation-fund.org/document/adaptation-fund-trust-fund-financial-report-prepared-by-the-trustee-as-at-31-december-2024/