Resource Mobilization Strategy for Ethiopia's National Adaptation Plan

Federal Democratic Republic of Ethiopia

June 2020

EFCC ETHIOPIA

Environment, Forest and Climate Change Commission

Original text: English

Cover image: ©2015CIAT/GeorginaSmith

The Resource Mobilization Strategy for Ethiopia's National Adaptation Plan (NAP) was produced by the Government of the Federal Democratic Republic of Ethiopia's Environment, Forest and Climate Change Commission (EFCCC). It was supported by the United States government through its State Department. The program of technical support for Ethiopia's NAP process is part of a multi-country initiative designed to fill identified capacity gaps in order to facilitate NAP implementation. The in-country support program is managed and administered by the International Institute for Sustainable Development (IISD), the Secretariat of the NAP Global Network.

Guidance in the development of this roadmap was provided by the Climate Change Planning, Implementation and Coordination Directorate in EFCCC. The contributions of various institutions involved in the review of the document and stakeholder consultations are greatly appreciated. The roadmap document was prepared by a team of experts from IISD. This is a working draft that is expected to be further developed and integrated into broader resource mobilization efforts for Ethiopia's response to climate change.

NAP Global Network

United States In-Country National Adaptation Plan (NAP) Support Program

Gift of the United States Government

In collaboration with: USAID FROM THE AMERICAN PEOPLE

Implemented by: IISD

Initial funding for the Network also provided by:

Federal Ministry for Economic Cooperation and Development

EXECUTIVE SUMMARY

The Government of Ethiopia has made significant progress in addressing adaptation and released its National Adaptation Plan (NAP-ETH) in 2017 under the Climate Resilience Green Economy (CRGE) Strategy. This plan identifies 18 priority adaptation options and five strategic priorities that will help the country manage climate risks and build the population's adaptive capacity. A key strategic priority is to "establish effective and sustainable funding mechanisms" (Federal Democratic Republic of Ethiopia [FDRE], 2019a, p. 98). The 2019 NAP-ETH implementation roadmap identifies the development of a resource mobilization strategy as a short-term priority for 2020-2021 (FDRE, 2019c, p. 111).

This resource mobilization strategy for the NAP-ETH aims to help the government identify and scale up financing for adaptation. The objectives of the strategy are to identify adaptation financing needs and gaps, explore financing options, and set out next steps for the short and medium term. The strategy provides important information for potential supporters and implementers of adaptation actions, including national, regional, and woreda government departments and bureaus, and bilateral and multilateral development partners. The strategy focuses on actions that can be undertaken or encouraged by the Environment, Forestry and Climate Change Commission (EFCCC) and the Ministry of Finance (MoF) of the Government of Ethiopia. EFCCC forms the technical wing and MoF the financial wing of the CRGE Facility, which is a climate finance delivery unit with a mandate to mobilize finance for the implementation and realization of the CRGE strategy.

This NAP-ETH resource mobilization strategy complements and serves as an input to broader efforts led by the EFCCC's Resource Mobilization and Project Administration department and the CRGE Facility Secretariat. The Government of Ethiopia intends to have a coordinated approach to climate change resource mobilization that considers both adaptation and mitigation. As such, this resource mobilization strategy is a substantive contribution to the updating of the CRGE strategy and Ethiopia's Nationally Determined Contribution (NDC) and its investment plan. This adaptation strategy can also inform resource mobilization efforts for the Sustainable Development Goals (SDGs) and the Government of Ethiopia's Homegrown Economic Reform Agenda, Ten-year Perspective Development Plan 2020-2030, and Third Growth and Transformation Plan (GTP-III).

The discussion of challenges faced in Ethiopia in mobilizing resources (Section 2) highlights the lack of information about funding that has been mobilized for adaptation, which is compounded by the difficulty in differentiating between adaptation and development. The long timeframes and at times cumbersome processes to access international climate funds stretch Ethiopia's limited but growing capacity to formulate bankable adaptation projects. Regional and woreda levels of government in particular face challenges in project development and delivery. A reliance on external consultants to develop proposals and a dependence on multilateral institutions or intermediaries as delivery agents of projects can add time and costs to project development and approval processes. The CRGE Facility has been accredited for direct access under the Adaptation Fund and Green Climate Fund for small projects which helps to direct a larger portion of international support to the Government of Ethiopia.

This resource mobilization strategy briefly describes the NAP-ETH process (Section 3). Context for this strategy is provided through a discussion of efforts to mobilize resources for adaptation in Ethiopia, looking at resources mobilized, institutional roles and responsibilities, and alignment with other actions to mobilize resources (Section 4).

The review of Ethiopia's adaptation financing needs and gaps (Section 5) highlights the results of recent studies, including the NAP-ETH that concludes that Ethiopia will require nearly USD 6 billion per year to implement the adaptation options to 2030. Limited information is available about adaptation resources mobilized, particularly the amounts of domestic public finance and private sector investment. The CRGE implementation progress assessment report determined that billions of dollars of international public finance were mobilized between 2011 and 2019 for climate change-related initiatives that had adaptation potential; including initiatives in the agriculture, livestock, forestry, water and energy, urban development, health, transport, and renewable energy sectors (Pegasys, 2020b). Much of this international finance likely contributed to addressing the 18 NAP-ETH adaptation options. However, limited and inconsistent data prevented a determination of the actual amount of this international public funding that could be considered adaptation (that is, the discrete amounts for actions and project components that specifically address climate vulnerabilities and climate risks). The review of adaptation financing needs and gaps leads to the conclusion that billions of dollars are needed to 2030 and continued emphasis is needed to mobilize resource for NAP-ETH implementation.

A range of options exists to scale up financing for the development (coordination and facilitation) and implementation phases of the NAP-ETH process (Section 6). All elements of the NAP process are supported with some domestic public finance; but this in-country investment in adaptation may be under recognized because Ethiopia's public finance system does not track climate budgets or expenditures. The decentralized structure of Ethiopia's federal system offers opportunity to support or encourage adaptation action at the different levels of government, with regional governments and woredas well positioned to identify and prioritize local needs and deliver public services that improve adaptation outcomes.

Domestic resource mobilization will not meet Ethiopia's adaptation needs, particularly in the short term. At the time of developing this NAP-ETH strategy, Ethiopia, like other countries, was dealing with the Covid-19 pandemic. This health crisis and the economic impact of the pandemic are expected to demand the government's attention, management, and resources. As such, adaptation to climate change may not be a priority in the short term and the allocation of domestic public resources to adaptation actions will be constrained as the global crisis reduces Government of Ethiopia revenue generation due to impacts on incomes of residents, trade revenues, and external inflows through aid, export earnings, and remittances (World Bank, 2020a, p. 12).

Resource mobilization for adaptation should focus on international public finance in the short term, with an emphasis on addressing national development priorities – including Covid-19 recovery – in a climate-resilient manner. This includes adaptation investment that improves the environmental determinants of health, including nutritious food, and water and sanitation. Adaptation can also support the creation of inclusive, resilient, and sustainable systems and communities that encourage economic and social development. International public finance for the NAP-ETH process is provided through funds under the United Nations Framework Convention on Climate Change (UNFCCC), including grants and concessional loans through the Green Climate Fund, and grants through the Global Environment Facility Trust Funds, Least Developed Countries Fund, Adaptation Fund, and Special Climate Change Fund. Multilateral development banks mainly provide concessional loans to Ethiopia with some grant funding for technical assistance, and bilateral agencies provide mainly grant funds.

There is growing interest in mobilizing private sector resources for adaptation, given that public finance will be insufficient to meet the increasing costs of adapting to a changing climate. Private investment has increased in the renewable energy sector in Ethiopia; and short-term efforts could focus on scaling up private sector investment to build climate resilience in the agriculture sector.

Enhancing food security is a critical component of Ethiopia's economic recovery, a priority in the Homegrown Economic Agenda, and a NAP-ETH priority. **Short-term adaptation resource mobilization efforts could emphasize enhancing food security and increasing agricultural productivity, which will be critical from 2020 to 2022 to avert food shortages in Ethiopia, a situation that the Covid-19 pandemic is expected to exacerbate.**

An action plan sets out next steps for the short term (2020-2022) and medium term (2023-2030) that aim to assist the Government of Ethiopia to mobilize resources for the NAP-ETH process. These actions are summarized in the table below and discussed in Section 7.

Action Plan: Short- and long-term actions to mobilize resources for adaptation

1. Align resource mobilization efforts Responsibility: EFCCC, MoF, Planning and Development Commission, relevant sector ministries
Short-term Actions (2020-2022) ▪ Focus short-term efforts to mobilize adaptation resources on priorities emerging from the national planning process as well as pressing actions to recover from the Covid-19 pandemic, including food security. ▪ Use the NAP-ETH, its implementation roadmap, and associated tools to guide the updating of the NDC and CRGE strategy that will be a pillar in the Ten-Year Perspective Development Plan and GTP-III. Ensure that adaptation priorities are consistent across strategies and plans to improve messaging to potential funders. ▪ Use the analysis and actions in this NAP-ETH resource mobilization strategy as inputs to the NDC investment plan, SDG financing roadmap, and resource mobilization efforts for the Homegrown Economic Reform Agenda, Ten-Year Perspective Development Plan, and GTP-III. ▪ Provide support to the financial planning unit of the Planning and Development Commission to assess the climate vulnerabilities of actions, identity priority actions and flagship projects most at risk from climate change, and estimate the costs and benefits of building climate resilience. ▪ Develop concept notes, including costing information, for five priority adaptation actions that emerge from the mainstreaming of adaptation in the Ten-Year Perspective Development Plan. Engage with the Development Assistance Group (DAG) in the selection of the five priority adaptation actions to help match government need with donor interest. Develop full proposals for actions that have potential funders. **Medium-term Actions (2023-2030)** ▪ Prioritize mobilizing resources for adaptation actions focused on the local level, including projects that positively impact economic and social development at the woreda and kebele levels. ▪ Develop a coordinated approach to resource mobilization for adaptation and disaster risk management. ▪ Develop a proposal and seek financing for a national climate risk fund, managed by the CRGE Facility, that could be drawn on to identify and address the physical impacts of climate change on infrastructure and development projects.

2. Build the evidence base for adaptation project identification and development Responsibility: EFCCC, MoF, sector ministries, Regional governments
Short-term Actions (2020-2022) ▪ Improve tracking of and reporting on finance for adaptation, with an initial focus on international public finance. ▪ Develop, and update on a regular basis, a database of current and planned initiatives that address adaptation and are in adaptation-relevant sectors. ▪ Compile and organize existing climate risk, vulnerability, gender, and other adaptation assessments, and make publicly available. These documents provide key inputs for design of adaptation measures and proposal development. ▪ Identify and compile information on best practices and lessons learned, drawing on domestic and international experience; and make publicly available. **Medium-term Actions (2023-2030)** ▪ Improve tracking of domestic finance for adaptation. ▪ Identify gaps in existing vulnerability and climate risks assessments, prioritize needs, and undertake additional assessments to meet priority needs. ▪ Undertake an economic assessment of the costs and benefits of adaptation actions. ▪ Establish a robust M&E system that enables assessment of the outcomes of adaptation action.
3. Continue to build capacity for resource mobilization for adaptation Responsibility: MoF, EFCCC, sector ministries, Regional governments and Woredas
Short-term Actions (2020-2022) ▪ Build in-house capacity to design projects and develop project concepts and proposals; with an emphasis on adaptation interventions that positively impact on economic and social development at the woreda and kebele levels. ▪ Build in-house capacity to manage relationships with development partners, including identifying sources of adaptation finance, understanding donor requirements to access funds, establishing and maintaining relations with potential funders, and negotiating with donors and delivery partners. ▪ Build technical capacity on climate adaptation finance tracking and M&E. ▪ Develop capacity to mainstream adaptation in planning and budgeting at the sector, regional, and woreda levels, building on the updated CRGE mainstreaming guidelines. ▪ Engage with service providers to identify potential funding and technical assistance to deliver on the NAP-ETH strategic priorities, including resource mobilization and tracking of climate

finance.

- Improve government capacity across all levels to use participatory approaches that include vulnerable groups, including women and youth.

Medium-term Actions (2023-2030)

- Continue building the capacity of the CRGE Facility with the aim of attaining GCF approval for direct access to deliver medium-size projects up to USD 250 million.
- Develop a proposal to access funding for a capacity building program that addresses gaps in resource mobilization that remain after the GCF NAP support program concludes in 2023.

4. Take steps to increase resource flows for adaptation

Responsibility: MoF, EFCCC, sector ministries, Regional governments and Woredas

Short-term Actions (2020-2022)

- Raise awareness of adaptation policies, strategies, and plans with regions, zones, and woredas; the international community; the private sector; and the public.

- Develop communications materials and ensure that documents are publicly available.

Domestic Public Finance

- Improve coordination and communication between EFCCC, MoF, and sector ministries in regard to identifying opportunities to address adaptation priorities in budget processes.

- Build on ongoing capacity development initiatives at the regional and woreda levels to integrate climate risks in planning and identify ways to realign expenditures to improve adaptation outcomes.

International Public Finance

- Encourage a coordinated approach to development partner support for implementation of the NAP-ETH through engagement with the DAG. Develop concept notes and proposals for priority adaptation actions that are identified through consultation with the DAG and discussions with development partners.

- Engage in the updating of MDB and bilateral donor country framework strategies using the NAP-ETH to guide identification of adaptation actions. This includes increasing awareness in MoF, which aside from the CRGE Facility may lack knowledge of the NAP-ETH.

- Focus short-term engagement on the largest providers of climate finance and ODA – such as the European Union, Germany, Norway, United Kingdom, United States, World Bank and African Development Bank – recognizing that considerable time and effort is required to engage substantively in such discussions.

- Engage with UN specialised agencies and international NGOs that are skilled at accessing bilateral funds to encourage the mainstreaming of adaptation in activities.

- In regard to UNFCCC funds:

- Prioritize projects for submission to the GCF valued up to USD 50 million to enable direct access.
- Ensure that GEF-financed biodiversity and land degradation programs are supportive of NAP-ETH priorities.
- Secure a project preparation grant to develop a proposal for the LDCF in 2022 that is guided by the Ten-Year Perspective Development Plan and NAP-ETH priorities.
- Access Adaptation Fund small grants to scale up and disseminate information about the *Climate Smart Integrated Rural Development Project*.

Private Sector

- Engage private sector representatives in the NAP-ETH process using avenues presented through the GCF-supported NAP readiness project.
- Update the private sector engagement strategy that was developed by the CRGE Facility in 2016.
- Develop a proposal for a pilot project that focuses on increased access to credit to improve the climate resilience of smallholder farmers, including loans to farmers, input providers, and aggregators using a value chain approach.

Private Foundations

- Engage with the Bill and Melinda Gates Foundation and the Children's Investment Fund Foundation, which have offices in Addis Ababa, to explore interest in supporting the NAP-ETH, particularly in the health sector.

Medium-term Actions (2023-2030)

Domestic Public Finance

- Assist sector ministries to identify opportunities for domestic budget allocations for adaptation.
- Develop a proposal for a woreda adaptation fund that could be drawn on to support the mainstreaming of adaptation in the planning and implementation of local and community-level programs.

International Public Finance

- Take a strategic approach that places adaptation financing in the context of wider development financing, with an emphasis on adaptation actions that support the Ten-Year Perspective Development Plan.
- Continue to engage with bilateral partners as they update their country partnerships strategies to identify opportunities to support adaptation priorities, particularly in regard to projects at the community level, including projects delivered through NGOs.
- Access international finance to undertake climate risk assessments and increase climate resilience in flagship infrastructure investments.

- Explore opportunities to address NAP-ETH priorities in investment programs provided by non-OECD countries.

Private Sector

- Operationalize the private sector engagement strategy, with an emphasis on scaling up private investment in the agriculture sector
- Compile and share climate information that helps the private sector understand adaptation and how to address climate risks in business practices.
- Increase understanding of the role of the private sector in adaptation in Ethiopia by developing a database of relevant initiatives and commercial ventures.
- Develop a methodology and begin reporting on private sector investment that supports implementation of the NAP-ETH.
- Assess public-private partnership activities in the renewable energy sector for lessons to inform engagement of the private sector in the NAP-ETH process.
- Work with commercial banks, MFIs, and farmers cooperatives to develop a funding proposal for an initiative that establishes credit lines and/or guarantees for small loan programs for smallholder farmers.

ABBREVIATIONS

AfD	Agence Française de Développement (French Development Agency)
AfDB	African Development Bank
AGP	Agricultural Growth Programme
AO	Adaptation option
ASAP	Adaptation for Smallholder Agriculture Programme
CBIT	Capacity-building Initiative for Transparency
CIF	Climate Investment Funds
CRGE	Climate Resilient Green Economy
CSO	Civil society organization
CTF	Clean Technology Fund
FDRE	Federal Democratic Republic of Ethiopia
DAG	Development Assistance Group
DFID	United Kingdom's Department for International Development
EFCCC	Environment, Forest and Climate Change Commission
EIB	European Investment Bank
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GAFSP	Global Agriculture and Food Security Program
GCCA+	Global Climate Change Alliance Plus
GCF	Green Climate Fund
GEF	Global Environment Facility
GGGI	Global Green Growth Institute
GIZ	Gesellschaft für Internationale Zusammenarbeit GmbH (Germany's development agency)
GTP-II	Second Growth and Transformation Plan
GTP-III	Third Growth and Transformation Plan
IFAD	International Fund for Agricultural Development

IFC	International Finance Corporation
IGAD	Intergovernmental Authority on Development
IISD	International Institute for Sustainable Development
IKI	International Climate Initiative
IMF	International Monetary Fund
KfW	Kreditanstalt für Wiederaufbau (Germanys development bank)
LDC	Least developed country
LDCF	Least Developed Country Fund
M&E	Monitoring and evaluation
MDB	Multilateral Development Bank
MFI	Microfinance institution
MoA	Ministry of Agriculture
MoF	Ministry of Finance
MoFEC	Ministry of Finance and Economic Cooperation
MoWIE	Ministry of Water, Irrigation and Energy
MRV	Measurement, reporting and verification
MSIP	Multi-Sector Investment Plan for Climate Resilient Agriculture and Forest Development 2017-2030
MSME	Micro, small and medium enterprises
NAP	National Adaptation Plan
NAP-ETH	Ethiopia's National Adaptation Plan
NDA	National Designated Authority
NDC	Nationally Determined Contribution
NGO	Non-governmental organization
NIE	National Implementing Entity
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PASIDP	Participatory Small-scale Irrigation Development Programme

PDC	Planning and Development Commission
PPCR	Pilot Program for Climate Resilience
PPG	Project preparation grant
PPP	Public private partnership
PSNP	Productive Safety Net Program
R&D	Research and development
REDD+	Reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
SCCF	Special Climate Change Fund
SDG	Sustainable Development Goal
SIIPE	Satellite Index Insurance for Pastoralists in Ethiopia
SLMP	Sustainable Land Management Program
SP	Strategic priority
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNICEF	United Nations Children’s Fund
USAID	United States Agency for International Development
USD	United States dollar
WASH	Water, sanitation and hygiene
WFP	World Food Programme

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF BOXES

1.0 INTRODUCTION

The Government of Ethiopia has made significant progress to address adaptation and released its National Adaptation Plan (NAP-ETH) in 2017 under the Climate Resilient Green Economy (CRGE) Strategy. This plan identifies 18 priority adaptation options and five strategic priorities that will help the country manage climate risks and build the population's adaptive capacity. A key strategic priority is to "establish effective and sustainable funding mechanisms" (Federal Democratic Republic of Ethiopia [FDRE], 2019a, p. 98). The 2019 NAP-ETH implementation roadmap identifies the development of a resource mobilization strategy as a short-term priority for 2020-2021 (FDRE, 2019c, p. 111). Effective mobilization of resources is needed to scale up implementation of NAP-ETH adaptation priorities, including building the systems and capacities to coordinate and facilitate adaptation actions, and the mainstreaming of adaptation considerations in sector and subnational development actions. Resources for adaptation include all resources that address adaptation needs in Ethiopia, guided by the priorities set out in the NAP-ETH.

This resource mobilization strategy for the NAP-ETH aims to help the government secure and scale up financing for adaptation. The objectives of the strategy are to:

- Identify adaptation financing needs and gaps;
- Explore financing options, including potential sources of funding and how they align with Ethiopia's adaptation needs; and
- Set out next steps for the short and medium term to begin to acquire the resources.

The strategy focuses on actions to be taken in the short term (2020-2022) and medium term (2023-2030); ensuring alignment with the timeframe of the activities identified in the NAP-ETH implementation roadmap.

The expected outcomes of the strategy are:

- Improved understanding of the need for finance for adaptation and the potential sources;
- Enhanced management and coordination of the mobilization of resources for adaptation, including identification of priority actions to mobilize resources;
- Enhanced alignment of resource mobilization efforts, including with Ethiopia's updated Nationally Determined Contribution (NDC) and updated CRGE strategy.

This NAP-ETH resource mobilization strategy complements and serves as an input to broader efforts led by the Environment, Forest and Climate Change Commission's (EFCCC) Resource Mobilization and Project Administration department and the Ministry of Finance (MoF). The Government of Ethiopia intends to have a coordinated approach to resource mobilization for the updated NDC and CRGE strategy that considers all climate change programming, both mitigation and adaptation. This NAP-ETH strategy is an input to that broader strategy; and informs resource mobilization efforts for the Sustainable Development Goals (SDGs), Homegrown Economic Reform Agenda, Ten-year Perspective Development Plan, and Third Growth and Transformation Plan (GTP-III).

The strategy provides important information for potential supporters and implementers of adaptation actions, including national, regional, and woreda governments, and bilateral and multilateral development partners. The strategy focuses on activities can be undertaken or encouraged by EFCCC and MoF.

It is important to note that at the time of developing this NAP-ETH resource mobilization strategy, Ethiopia, like other countries, was dealing with the COVID-19 pandemic. The expected health crisis and economic impact of the pandemic are expected to demand the government's attention, management, and resources in the short term. As such, adaptation to climate change may not be a priority in the short term and mobilizing resources for adaptation may be challenging. It will be important to stress the importance of access to the environmental determinants of health – including water and sanitation, and nutritious food – and the expected impact of climate change on these sectors. Adaptation remains important and addressing adaptation can encourage investment that creates inclusive, resilient and sustainable systems and communities that encourage economic and social development.

Section 2 provides an overview of the gap in financing for adaptation, the challenges in filling that gap, and the role of resource mobilization strategies in filling that gap. Ethiopia's NAP process is briefly described in Section 3. The following section provides context for this strategy by discussing efforts to mobilize resources for adaptation in Ethiopia, looking at resources mobilized, institutional roles and responsibilities, and alignment with other actions to mobilize resources. Section 5 elaborates adaptation financing needs and gaps, and Section 6 identifies potential funding sources to address the gaps. Section 7 sets out an action plan of next steps for the short term (2020-2022) and medium term (2023-2030).

2.0 MOBILIZING RESOURCES FOR ADAPTATION

The total flows of finance for climate adaptation fall far short of the need, particularly in developing countries. This section reviews the adaptation climate finance landscape, the challenges experienced by developing countries in scaling up finance for adaptation, and the role of resource mobilization strategies in helping to overcome barriers.

2.1 The adaptation finance gap

The 2015 Paris Agreement on climate change explicitly sets a goal for shifting financial flows to align with its global long-term temperature goal and the adaptation goal. In Article 2.1(c), the Agreement's signatories commit to "making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development" (United Nations, 2015, p. 3). In line with the Paris Agreement, scaled-up financial resources are expected to strike a balance between mitigation and adaptation.

The Adaptation Gap Report 2016 **estimated that the annual costs of adaptation could range from USD 140 billion to USD 300 billion by 2030, and from USD 280 billion to USD 500 billion by 2050** (Puig, et al., 2016, p. 40). Yet, the flows of adaptation finance in 2017-2018 were estimated to be USD 30 billion, which is only 5 percent of total climate finance flows, compared to 93 percent for mitigation, and 2.1 percent for finance with dual adaptation and mitigation benefits (Bucher, et. al. 2019, p. 6).[1]

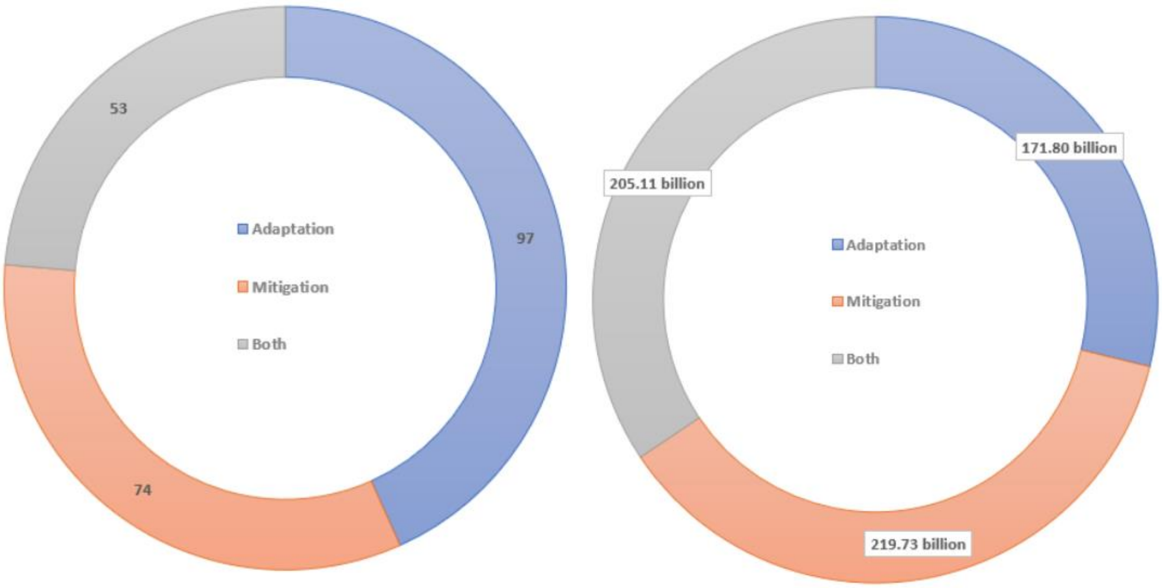
Finance for adaptation is not flowing at the pace or scale needed and lags behind the allocation of financial resources for mitigation (Global Commission on Adaptation, 2019). The United Nations Framework Convention on Climate Change (UNFCCC) Standing Committee on

[1] The analysis indicates that 58 percent of total global climate finance flows went to renewable energy.

Finance (2018) *2018 Biennial Assessment and Overview of Climate Finance Flows* illustrated the urgent need to scale up financing of climate adaptation, reporting that mitigation finance flows are four to five times greater than adaptation flows and recommending improved efforts to balance adaptation and mitigation financial flows.

The emphasis on mitigation can pose challenges for countries like Ethiopia that are vulnerable to the impacts of climate change and extreme weather events. An analysis of progress in implementing the CRGE Strategy from 2011 to 2019 reported that expenditure on mitigation activities was greater than expenditure on adaptation; although the flows to projects with both mitigation and adaptation benefits increased substantially since 2015 (see Figure 1). The financial analysis looked at 224 projects that had substantial climate impacts in the agriculture (83), water and energy (48), forestry (27), livestock (22), industry (10), transport (9), cross-cutting (9), health (8), urban (6), and capacity building (2) sectors (Pegasys, 2020b, pp. 39-40).

Figure 1: Number of projects (left) and total value (in Ethiopia Birr) of projects by climate impact, 2011-2019



Source: Pegasys, 2020b, *Ethiopia's Climate Resilient Green Economy (CRGE) Strategy (2011-2019) – Implementation Progress Assessment Report*, page 42.

2.2 Challenges to mobilizing resources for adaptation[2]

Many challenges to scaling up financing for adaptation are common across developing countries. **At the global level, there has been a fragmentation of climate finance and an increase in the number of funding channels including bilateral, multilateral, and private foundations** (Pickering, et al, 2017). This presents difficulties for many countries, particularly Least Development Countries (LDCs) like Ethiopia, in understanding and navigating a complex climate finance landscape that does

[2] This discussion of challenges was informed by stakeholder consultations that took place in Addis Ababa in March 2020. The meeting report is available from the EFCCC.

not necessarily respond to national priorities and requires strategic engagement with a wide array of development partners (Global Green Growth Institute [GGGI], 2019b, p. 7).

The United Nations Development Programme (UNDP) and the Climate Finance Group for Latin America and the Caribbean identified limited institutional capacity, limited access to information, and definitional issues as common challenges to accessing finance for adaptation across developing countries. They also noted that **the lack of data and systematized information on climate finance flows at the different levels of government limited ability to identify gaps, analyze climate impacts, and direct flows to help achieve adaptation goals** (Guzman, Guillen & Manda, 2018).

International funds and institutions often have cumbersome processes and requirements, and long timeframes are required to develop proposals and engage with potential funders. For example, the Government of Ethiopia engaged with the Green Climate Fund (GCF) for over two years before funding was approved for the adaptation project, *Responding to the increasing risk of drought: building gender-responsive resilience of the most vulnerable communities.*

A key challenge encountered in Ethiopia is the lack of information about funding that has been mobilized for adaptation. The CRGE Facility is unable to account adequately for adaptation finance flows provided through domestic public finance and international public finance. Similar to many developing countries, Ethiopia's budget system is not able to track or identify spending that is linked to the CRGE strategy, meaning that national-level expenditure estimates for adaptation are not available (Pegasys, 2020b, p. 46).

Recent efforts to calculate flows of adaptation resources, such the 2020 CRGE assessment, considered all international public investments related to the 18 priority adaptation options in the NAP-ETH as contributing to adaptation goals. The draft assessment noted that adaptation activities between 2011 and 2019 included large flagship resilience projects such as the Productive Safety Net Program (PSNP), Sustainable Land Management Program (SLMP) and Agricultural Growth Programme (AGP) (Pegasys, 2020b). This approach is guided by the Government of Ethiopia's broad working definition of climate finance, which refers to the "flow or allocation of funds from public, private, bilateral and multilateral sources toward financing adaptation and mitigation initiatives as specified in the CRGE Strategy and GTP-II" (CRGE Facility, MoFEC, 2017, p. 27). **Such an approach does not clearly identify funding for actions that address climate vulnerabilities and likely overestimates the amounts of funding allocated to adaptation.**

The difficulty in differentiating between adaptation and development also poses challenges when developing adaptation projects. **The preparation of concept notes and project proposals requires addressing adaptation-specific issues.** For example, GCF submissions require a climate risk and vulnerability assessment, and project components that are designed to address these vulnerabilities. Proposals to the Adaptation Fund require an assessment of the incremental cost of adaptation in an economic financial model that justifies the need for funding. Various entities **–** including government departments, development partners, and research organizations **–** have undertaken climate vulnerability assessments; but there is no database of these assessments or knowledge management tool to make these assessments publicly available. Some information is embedded in other documents, such as the *Multisector Investment Plan for Climate Resilient Agriculture and Forest Development 2017-2030 (*MSIP) and the GCF proposal for the responding to the increasing risk of drought project (FDRE, 2017a; and Ministry of Finance and Economic Cooperation, FDRE, 2017). Additionally, information may sit with other government departments, such as the National Disaster Risk Management Commission that has developed databases of woreda disaster risk profiles (Biru & Dibaba, 2018). The lack of a publicly available database of climate information, including vulnerability assessments, likely contributes to the absence of a **systematic process to identify climate risks or take action to address climate vulnerabilities in infrastructure projects** (such as roads, bridges, rail, water supply, wastewater, and electricity generation and distribution).

The lack of clarity regarding adaptation actions in Ethiopia means that potential funders do not have a comprehensive list of adaptation actions (such as, who is doing what and where) to inform decision making around future adaptation funding. Development partners expressed the need for such a list, as well as clarity around institutional structures and mandates in regard to resource mobilization for adaptation. Development partners also identified the need for costing of the 18 adaptation actions and five strategic priorities in the NAP-ETH. Detailed costing of the 18 adaptation options would be time consuming, costly, and perhaps unnecessary because funders undertake detailed costing at the project design stage. Identification of select priority adaptation actions to elaborate in concept notes that include costing information could be a cost-effective way to address this challenge. The CRGE working group of the Development Assistance Group (DAG) could be used to select the priority adaptation actions for costing, which would help to identify donor interests and priorities.

The Government of Ethiopia has a limited but growing capacity to formulate bankable adaptation projects and often relies on consultants to develop proposals. For example, much of the current EFCCC and MoF capacity to mobilize funds depends on consultants that are paid for through international financial support. Continued international funding is needed in the short term to maintain this skill set while the government continues to build capacity. Another challenge is retaining skilled and trained employees in the EFCCC and MoF, who often leave government for more lucrative positions, often in international organizations.

Regional and woreda levels of government in particular face challenges in project development and delivery, including effective financial and project management. This presents challenges in ensuring that adaptation finance and adaptation benefits reach communities. The CRGE Facility works through established institutional structures, such as agricultural extension, and emphasizes capacity building and training at the regional, woreda, and kebele levels to address limited human and management capacity. This capacity building could help to improve understanding of climate impacts, climate vulnerabilities, and adaptation options; as well as the national commitments on adaptation and the NAP-ETH, which are not well known at the regional, woreda and kebele levels.

The CRGE Facility has been accredited for direct access for small projects (up to USD 50 million) under the GCF, which is an important step in overcoming the challenge of relying on multilateral institutions or intermediaries as delivery agents of adaptation projects. This additional layer may add time to project development and approval processes, and constrains the opportunities for the CRGE Facility Secretariat to absorb project management costs that can help to improve institutional capacity, including for resource mobilization. Direct access can help to direct a larger portion of international support to the Government of Ethiopia by reducing the costs of international intermediaries. As an example, the ongoing GCF-supported readiness project, *Strategic Framework Support for Ethiopia through GGGI,* includes an allocation for project management costs of 7.5 percent or USD 50,886 as well as a Delivery Partner Fee of USD 64,803 out of a project total of USD 827,203 (GGGI for the FDRE, 2019).

Often consultant offices are well staffed and supplied, while government offices struggle from insufficient budget allocations. The expectation that recurrent expenditures for government staff and operations will be covered from domestic budgets is understandable and well accepted; but the discrepancy between the staffing and operations budgets of consultant offices and the government offices they support requires further exploration. The United Nations Conference on Trade and Development (UNCTAD, 2019, p. XI) notes that the establishment or use of parallel systems of aid delivery can have “the pernicious effect of weakening State Capacity by excluding LDC States from policy implementation and causing brain drain from the State bureaucracy to donor-established parallel structures.”

2.3 Opportunities to scale up funding for adaptation: resource mobilization strategies

Many developing countries are developing strategies to address challenges in mobilizing finance for adaptation. Various types of strategies have been developed; some are specific to adaptation, while others address both adaptation and mitigation, and others are focused on NDC investment.

The Food and Agriculture Organization of the United Nations (FAO) explains that resource mobilization strategies go beyond fundraising to mobilize funds, human resources, and goods and services. They open the way for attracting, engaging, and negotiating with potential resource partners. Resource mobilization strategies typically cover a short time frame and set out needed actions to access identified resources (FAO, 2012, page 9).

An adaptation resource mobilization strategy for the NAP process is a national coordinated approach that identifies financing options for initiatives that achieve the goals set out in the NAP. These strategies play a key role in translating the ideas and plans emerging from the development phase of the NAP process into concrete actions taken to implement identified adaptation priorities (Parry, Dazé, Dekens, Terton, Brossmann & Oppowa, 2017). Importantly, the strategies can help to move from an emphasis on planning to an emphasis on implementation. Ethiopia, like many developing countries, has developed plans, institutional rules, and guidance manuals and tools to guide implementation of climate change projects; but lack of resources limits the transition to the implementation phase of on-the-ground adaptation action.

Many NAP resource mobilization strategies are under development, such as NAP financing strategies in St. Lucia and St. Vincent and the Grenadines (NAP Global Network, 2020). The Climate Investment Fund's (CIF) Strategic Program for Climate Resilience focuses on adaptation, helping countries develop investment plans and identify project concepts. Ethiopia's MSIP provided the evidence for increased World Bank investment in the agriculture and forestry sectors (FDRE, 2017a).

Other strategies identify resources needed to address both adaptation and mitigation. Several Latin American countries, including Chile, Peru, Costa Rica, and Colombia, are developing National Financial Strategies (Inter-American Development Bank, 2020). The NDC Partnership reports that several countries have requested support to develop climate finance strategies and financial roadmaps that help to align NDC priorities with national development plans and SDGs (NDC Partnership, 2020). The UNDP-supported assessments of investment and financial flows to address mitigation and adaptation in 20 countries focused on specific sectors and developing costing information for a select number of actions. For example, the work in Colombia identified the financial needs for five mitigation and four adaptation actions (UNDP, 2011).

Very limited research is available that examines the success of resource mobilization strategies in increasing flows of finance for adaptation. A stocktake of the UNDP program to develop climate change financing frameworks in the Asia-Pacific determined that allocation of costs to adaptation actions was not undertaken in a structured manner, and adaptation costs were often prepared without a ceiling and thus not consistent with expected resources. The stocktake noted that the incorporation of adaptation in planning and budgeting processes is a process that is likely to require at least ten years (Nicolson, Beloe, & Hodes, 2016).

A well-defined NAP resource mobilization strategy can help the government clearly communicate adaptation priorities and how it will strategically combine resource from different sources to fill financing gaps and deliver adaptation results. These strategies help to direct finance toward adaptation priorities that are most relevant to the countries where the money is being spent; and ensure that financing decisions are driven by the climate needs of developing countries. The strategies highlight the need for funding that both builds the adaptative capacity of communities and addresses climate risks in development projects. **NAP resource mobilization strategies are key to highlighting the importance of adaptation, ensuring that mitigation projects do not overshadow adaptation priorities.** These strategies can be part of domestic budgeting processes, as well as broader resource mobilization plans or investment strategies, such as those developed for NDCs and SDGs.

3.0 THE NAP PROCESS

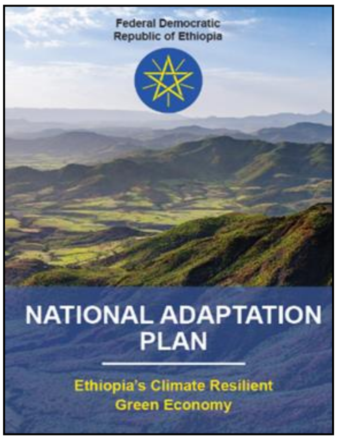
The NAP process is defined as a “strategic process that enables countries to identify and address their medium-and long-term priorities for adapting to climate change” (Hammill, Dazé & Dekens, 2019). It was established in 2010 under the Cancun Adaptation Framework and aimed to help countries embed adaptation in development decision-making (UNFCCC, 2011). Article 7(9) of the Paris Agreement notes that countries shall engage in adaptation planning processes and the implementation of actions (United Nations, 2015), making the NAP process central to the adaptation goal of the Paris Agreement.

The aim of the NAP process is to reduce vulnerability to climate change by building adaptive capacity and resilience. This is important for Ethiopia, a country that is vulnerable to the impacts of climate change and bears very little responsibility for climate change.[3] Ethiopia is experiencing climate change, including variability in rainfall frequencies and intensity causing drought in several regions and flooding in urban areas. Future climate change is expected to accelerate already high levels of land degradation, desertification, water scarcity, and recurrent floods (FDRE, 2019a).

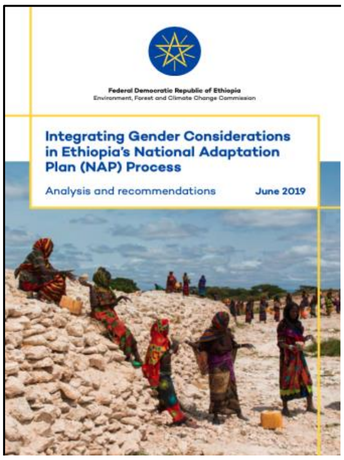
Climate change has the potential to negatively impact future development and the achievement of the goal of middle-income status by 2025. Despite strong economic growth and significant progress in reducing poverty rates since the 2000s (Office of the Prime Minister, 2019), the majority of the population has low adaptive capacity partly because of limited livelihood options (FDRE, 2019a). From a livelihoods approach, the most vulnerable are smallholder farmers who rely on rain-fed operations and pastoralists, with women being particularly vulnerable (FDRE, 2015c). The agriculture sector employs 72 percent of the population and is a sector that is already prone to climate vulnerability risks (Yishak, 2019). Agricultural activity is closely linked to water consumption in Ethiopia, using an estimated 93 percent of all water withdrawals in the country (surface water and groundwater) (FDRE, 2019c, p. 10). Crop production and water availability are vulnerable to the impacts of climate in Ethiopia; and implementation of adaptation actions that improve the resilience of food and water systems are particularly important to prevent increased food insecurity that is an expected outcome of the Covid-19 pandemic (Wagner, 2020).

[3] Ethiopia was responsible for 0.31 percent of the world’s greenhouse gas emissions in 2018. Ethiopia’s emissions on a per person basis in 2015 were 1.51 tons of carbon dioxide equivalent. In 2015, Canada’s were 21.69 tons of carbon dioxide equivalent per person; United States 20.14; South Africa 10.52; European Union 8.87; and China 6.60 (EDGAR – Emissions Database for Global Atmospheric Research – Joint Research Centre, 2020).

3.1 Ethiopia's NAP process



Ethiopia's NAP process was launched in 2017 and provided an opportunity to further elaborate the climate adaptation elements of the CRGE strategy. The Federal Democratic Republic of Ethiopia developed the CRGE Strategy in 2011 and mainstreamed it into the Second Growth and Transformation Plan (GTP-II). The strategy included adaptation and mitigation components, with the climate resilience components elaborated in sector strategies. The NAP process builds on a body of work that began with the 2007 National Adaptation Programme of Action and includes the 2011 Ethiopia Programme of Adaptation to Climate Change, nine regional and two city adaptation plans, and five sectoral adaptation plans.



Ethiopia's National Adaptation Plan is one output of the NAP process. The 2017 plan provides an overarching framework for the country's response to the impacts of climate change; and aims to reduce vulnerability to the impacts of climate change by building adaptive capacity and resilience (FDRE, 2019a). The strategy focuses on the most vulnerable sectors – agriculture, forestry, health, transport, power, industry, water, and urban development – and identifies 18 adaptation options to address those vulnerabilities (FDRE, 2019a, p. 1). The NAP-ETH also includes five strategic priorities that will enable implementation of the 18 options (see Table 1).

The implementation roadmap for the NAP-ETH, finalized in 2020, elaborates activities, timelines, key milestones, and roles and responsibilities to guide the implementation of adaptation options and strategic priorities, as well as cross-cutting themes (FDRE, 2019c). One cross-cutting theme was addressed in the 2019 *Integrating Gender Considerations in Ethiopia's National Adaptation Plan (NAP) Process,* a targeted gender analysis that provided recommendations to inform the implementation of the NAP-ETH (FDRE, 2019b).

The NAP-ETH process will inform and guide the development of the adaptation component of Ethiopia's NDC that will be updated in 2020. The updating of the CRGE/NDC strategy in 2020 is consistent with the requirement of the Paris Agreement (United Nations, 2015, Article 4, sections 2, 3 and 9). Many NDCs, including Ethiopia's, have information on adaptation in addition to mitigation commitments. The NAP-ETH sets out priorities to guide the adaptation commitments in Ethiopia's NDC; and the NAP process provides a domestic planning process that sets out how the NDC adaptation goals are implemented (Price-Kelly and Hammill, 2016). Ethiopia's NDC Roadmap 2020-2025 (Pegasys, 2020a) sets out actions and timelines that are closely aligned with this NAP-ETH resource mobilization strategy and the NAP-ETH implementation roadmap (see Annex 2).

The updated CRGE/NDC strategy will be mainstreamed as a pillar in Ethiopia's Ten-year Perspective Development Plan (2020-2030) and its five-year development plan, the Third Growth and Transformation Plan (GTP-III). These plans, both of which are expected to be finalized in 2020, will guide Ethiopia's transformation to a middle-income country.

Table 1: NAP-ETH priority adaptation actions

Adaptation Options
1. Enhancing food security through improving agricultural productivity in a climate smart manner – crops and livestock, including water availability through conservation and appropriate technologies
2. Improving access to potable water – water conservation, improved health and sanitation, water supply and sanitation mapping, and renewable energy for pumps
3. Strengthening sustainable natural resources management through safeguarding landscapes and watersheds – also energy - hydro, water - recharge, health - minimizing flooding, and agriculture - rehabilitating degraded lands
4. Improving soil water harvesting and water retention mechanisms – irrigation, potable water infrastructure, water harvesting, governance
5. Improving human health systems – climate-sensitive disease surveillance and prevention, population growth, indoor air pollution, and basic health systems including health extension
6. Improving ecosystem resilience through conserving biodiversity – agro-biodiversity and eco-diversity conservation, and ecosystem services
7. Enhancing sustainable forest management – livelihoods, value-added commercialization of forest products, payment for ecosystem services, participatory and community-based forest management, acknowledging contribution of forests to energy, and agriculture and industry sectors
8. Building social protection and livelihood options of vulnerable people – safety net schemes, supporting asset creation, improving access to credit, promoting livelihood diversification and arranging voluntary resettlement/migration
9. Enhancing alternative and renewable power generation and management – ensure diverse energy mix, improve energy efficiency, and accelerate access to off-grid energy
10. Increasing resilience of urban systems – providing housing, improving housing conditions, enhancing urban greenery, and improving urban infrastructure including waste management
11. Building sustainable transport systems – protecting and increasing life span of infrastructure, and appropriate infrastructure to support climate change-impacted communities and move aid
12. Developing adaptive industry systems – siting of industrial parks, efficient logistics, waste management and access to finance
13. Mainstreaming endogenous adaptation practices – emphasis on traditional ecological knowledge

14.	Developing efficient value chain and marketing systems – emphasis on livestock, crops and forestry
15.	Strengthening drought, livestock and crop insurance mechanisms
16.	Improving early warning systems
17.	Developing and using adaptation technologies – emphasis on flood control, infrastructure design, agriculture, resource conservation, and information management systems
18.	Reinforcing adaptation research and development – learning from adaptation experience, meteorological data, research on climate impacts and vulnerability, environmental education, and public awareness
Strategic priorities	
1.	Mainstreaming climate change adaptation into development policies, plans and strategies
2.	Building long-term capacities of institutional structures involved in NAP-ETH
3.	Implementing effective and sustainable funding mechanisms
4.	Advancing research and development in the area of climate change adaptation
5.	Improving the knowledge management system for NAP-ETH

Source: Federal Republic of Ethiopia (2019a), *Climate Resilient Green Economy National Adaptation Plan*.

Sustainable development will be at the core of Ethiopia's development plans, which will be aligned with the SDGs of Agenda 2030. Many of the NAP-ETH adaptation options are aligned with the SDGs, including SDG 13 on climate action that includes climate change goals to strengthen resilience and adaptive capacity, and integrate climate change measures into national plans and strategies. (United Nations, 2020, p. 14). Other relevant SDGs include 2 – zero hunger, 3 – good health and well-being, 6 – clean water and sanitation, 7 – affordable and clean energy, 9 – industry, innovation and infrastructure, 11 – sustainable cities and communities, and 15 – life on land (United Nations, 2020).

3.2 Governance of Ethiopia's NAP process

The NAP-ETH reports that the NAP process is guided by the governance processes established under the CRGE structure whereby EFCCC, MoF and the Planning and Development Commission (PDC) are the main entities coordinating CRGE implementation. Key institutions engaged in the implementation of the NAP-ETH include:

- *Inter-Ministerial Steering Committee* – chaired by the Office of the Prime Minister, facilitates high-level decision making and provides guidance on the implementation of the CRGE, including the NAP-ETH.

- *Management Committee* – ensures the NAP-ETH is aligned with the CRGE strategy and over-arching development plans, and evaluates the implementation of the NAP-ETH.

- *EFCCC* – leads the coordination and implementation of the NAP process and the mainstreaming of adaptation in sectoral plans and programmes; oversees technical aspects and monitors progress of the CRGE; leads the provision of capacity building for sectoral and regional bodies; and reports on the implementation of the NAP-ETH, including consolidating and aggregating performance data from regional implementation entities and sectoral ministries.

- *Ministry of Finance* – manages the CRGE Facility, the climate finance coordination and delivery mechanism established to help mobilize funding from domestic and international sources to support implementation of the CRGE, including adaptation.

- *Planning and Development Commission* – leads the planning process of the NAP-ETH, and ensures that NAP-ETH indicators are included in GTP reporting.

- *Sectoral ministries* – responsible for establishing CRGE units to mainstream the CRGE strategy at the sector level, including implementation of the NAP-ETH. These federal implementing entities coordinate and implement sectoral adaptation activities, undertake monitoring and evaluation (M&E) in their sectors, and report to EFCCC, MoF and PDC on activities and results. CRGE units or teams have been established in almost all relevant line ministries, including the Ministry of Agriculture (MoA) and the Ministry of Water, Irrigation and Energy (MoWIE).

- *Nine Regional Bureaus and two City Administrations* – prioritize and lead implementation of adaptation options in their respective regions/cities; mobilize climate finance; and monitor and report on NAP-ETH implementation at the regional, zonal and woreda levels. Regional level CRGE institutions are expected to be established.[4]

- *Woreda offices* – have similar responsibilities to regional bureaus to implement adaptation actions, mobilize climate finance, and monitor and report on adaptation activities at the woreda level[5] (FDRE, 2019).

Multi-stakeholder engagement is an essential element of the NAP process in Ethiopia, with inputs from stakeholders informing the development of NAP-ETH, implementation roadmap, gender strategy and this resource mobilization strategy. Key stakeholders in the NAP process include representatives from line ministries, regional bureaus, woreda offices, kebeles, civil society organizations (CSOs), research institutes and academia, the private sector, and development partners. The gender strategy notes the need to ensure participation of gender actors as the NAP-ETH moves to the implementation phase where a broader range of stakeholders are engaged and attention to gender issues will be required (FDRE, 2019b, p. 22).

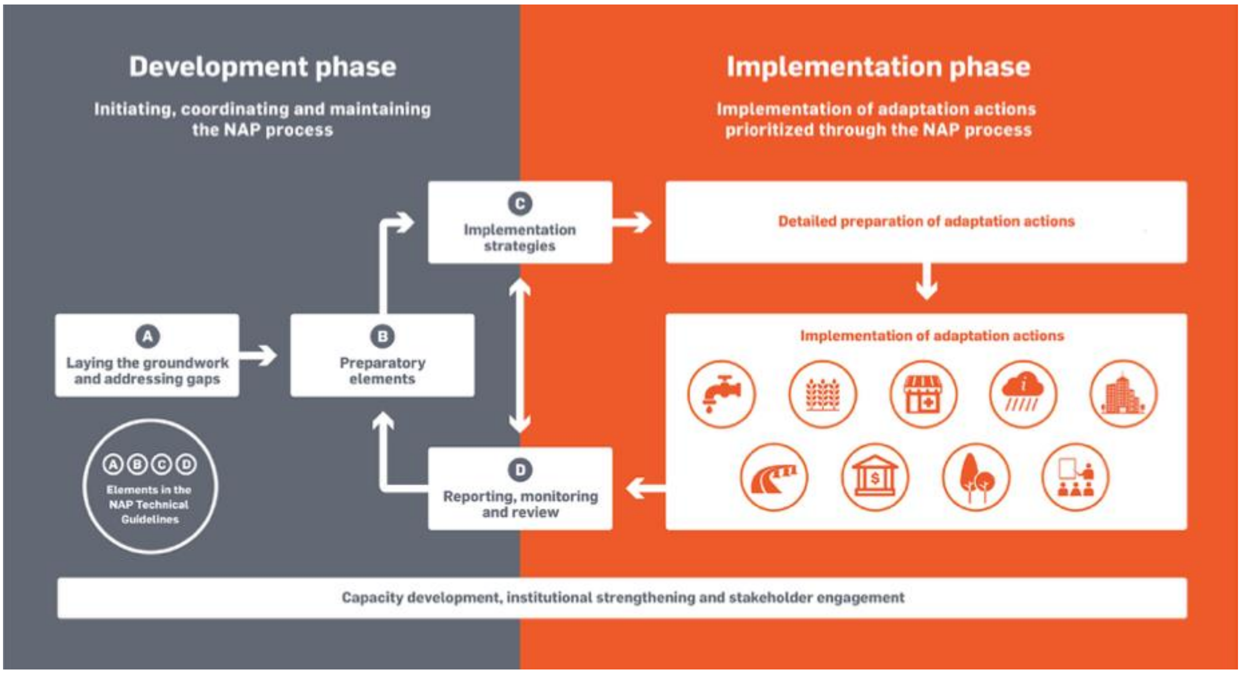
[4] Ethiopia's regions are Addis Ababa (city administration); Afar Region; Amhara Region; Benishangul- Gumuz Region; Dire Dawa (city administration); Gambela Region; Harari Region; Oromia Region; Somali Region; Southern Nations Nationalities and Peoples' Region; and Tigray Region.

[5] Woredas are third-level administrative divisions of Ethiopia. They are further subdivided into kebeles or community-level administrations with an average of 500 households.

4.0 THE NAP PROCESS AND RESOURCE MOBILIZATION IN ETHIOPIA

An important element of the NAP process is securing finance, recognizing that finance is required throughout the entire NAP process (see Figure 2). The NAP Global Network's guidance note on financing NAP processes identifies the need for sufficient resources at the development and implementation phases (Parry, et al., 2017). These phases roughly correspond to the NAP-ETH strategic priorities (development phase – actions to coordinate and maintain the NAP process) and adaptation options (implementation phase – preparation and implementation of adaptation actions).

Figure 2: Key elements requiring finance in the NAP process



Source: Parry, Dazé, Dekens, Terton, Brossmann & Oppowa (2017), *Financing National Adaptation Plan (NAP) Processes: Contributing to the achievement of nationally determined contribution (NDC) adaptation goals,* p. 6.

This section provides the context for mobilizing resources for adaptation in Ethiopia, exploring institutional roles and responsibilities, actions taken to mobilize resources, and alignment with broader resource mobilization efforts.

4.1 Institutional responsibilities and mechanisms to mobilize resources for NAP-ETH

Ethiopia has established institutional arrangements to access and manage funding to address climate change, including adaptation. EFCCC and MoF share responsibility for mobilizing funding for adaptation. They work in collaboration with sector ministries that implement adaptation projects, such as MoA and MoWIE; and engage with regional and woreda levels of government in the identification and design of adaptation initiatives.

4.1.1 CRGE Facility

The CRGE Facility is a climate finance delivery entity with a mandate to mobilize finance for the implementation and realization of the CRGE strategy, with an emphasis on international climate finance. The Facility is housed in the MoF and managed by both the MoF and EFCCC. The CRGE Facility operations manual established the technical wing of the CRGE Facility that is housed in EFCCC and the financial wing that is housed in MoF. The Facility was established in 2012 and oversees implementation of investments supported through climate finance, including authorizing the release of funds from the CRGE Facility account to line ministries and regional bureaus of finance and economic development. The CRGE Facility prepares projects and proposals for submission to potential funders, negotiates with financiers, leads M&E of CRGE-funded projects, and ensures that environment and social safeguard requirements are fulfilled. The CRGE Facility plays a coordination role for projects that engage sector ministries and regional and woreda levels of government. The Facility provides and coordinates technical assistance and capacity building to federal, regional, and woreda entities.

The CRGE Facility Secretariat undertakes day-to day management of the Facility. The technical unit of the Secretariat is housed in EFCCC and is responsible for sector support and technical backstopping, including for the development and review of proposals. The finance and implementation units of the CRGE Facility Secretariat are housed in MoF and provide administrative and analytical support for the mobilization, tracking, allocation, management, and oversight of climate finance, ensuring that the CRGE Facility satisfies its fiduciary responsibilities to finance partners (FDRE, 2018, p. 26).

Relevant sector ministries and regional sector bureaus are implementing entities of the CRGE. Six ministries – agriculture; water, irrigation and energy; urban development and construction; transport; trade and industry; and mines and petroleum – as well as the forest directorate within the EFCCC have established CRGE units. Other ministries have identified focal points for CRGE-related issues. These implementing entities identify CRGE priorities and investments, assist with the design of projects, access Facility funds according to approved plans and projects, and follow up and report on the implementation of and financial issues related to adaptation projects (FDRE, 2018, p. 51).

Coordination between ministries is facilitated by the CRGE Facility Management Committee that is co-chaired by EFCCC and MoF, and includes sector ministries as members of the committee. The management committee oversees project implementation, maintains oversight of financial management, and ensures effective M&E of facility activities (FDRE, 2018., p. 40). An Advisory Board, comprised of representatives from the Government Norway and UNDP in 2020, provides input to the management committee to ensure the appropriate use of resources.

The CRGE Facility was initially capitalized by the Governments of the United Kingdom (UK), Austria and Denmark, and disbursed finance to more than 30 projects between 2013 and 2017 that were considered fast track investments. The operations of the CRGE Facility have been supported by external financing including from the UK Government and UNDP; and technical assistance has been provided by the World Bank, UNDP, and others. The Global Green Growth Institute (GGGI) – with funding from various sources including the UK Government and GCF readiness and preparatory support program – has provided technical support to assist with the establishment of the CRGE Facility and implementation of the CRGE strategy.

MoF is an accredited entity to the GCF approved for direct access for small projects ranging in size from USD 10 million to USD 50 million, and a national implementing entity (NIE) for the Adaptation Fund. The CRGE Facility is the delivery agent for MoF for directly accessed climate finance.

4.1.2 Environment, Forest and Climate Change Commission

The Resource Mobilization and Project Administration department leads on resource mobilization for the EFCCC and CRGE Facility. Their mandate includes mobilizing resources for adaptation and mitigation, as well as for actions that deliver on the goals of other multilateral environmental agreements, such as biodiversity and land degradation that often deliver adaptation benefits. The Resource Mobilization and Project Administration department is the operational focal point for the Global Environment Facility (GEF), Designated Authority for the Adaptation Fund, and National Designated Authority (NDA) for the GCF. The Directorate develops concept notes and proposals, and liaises with sector ministries in the identification of funding opportunities and the development of concept notes and proposals. UNDP provides technical support to the resource mobilization efforts of the EFCCC and CRGE Facility, including the engagement of three technical expects in 2020 to assist with proposal development.

EFCCC is an executing agency for some adaptation projects, including projects in the forestry sector. EFCCC, similar to sector ministries that implement adaptation projects, has institutional arrangements through regional and woreda government subsidiaries. This includes regional environment, forest and climate change authorities in major regions; regional environment and forest authorities in other regions; and woreda environment offices.

4.1.3 Development Assistance Group

The Government of Ethiopia engages with potential funders through various channels, including the CRGE Forum, a working group under the high-level Development Assistance Group (DAG). EFCCC and a representative of development partners are the co-chairs of the CRGE working group that is intended to share information and better coordinate donor support in four areas: forests; environment; measurement, reporting and verification (MRV); and climate change. In 2019, the working group developed a matrix of the contributions of 17 donors for CRGE implementation in these four areas. Many of the sectors aligned with the NAP-ETH adaptation options have working groups under the DAG, including food security, water, energy, and transport. The Rural Economic Development and Food Security working group includes a technical committee on natural resources, climate change, and food security; and the Water working group aims to ensure formal links between the water sector and other relevant sectors such as climate change (Development Assistance Group Ethiopia, 2019).

4.2 Actions to mobilize resources for adaptation

EFCCC and MoF have proactively pursued and successfully mobilized finance for adaptation from the UNFCCC financial mechanism, multilateral organizations such as the World Bank and African Development Bank (AfDB), and several bilateral donors (see Annex 1). Mobilized resources include climate finance provided through the direct access modalities of the GCF and Adaptation Fund. In 2020, the CRGE Facility was managing these projects as well as forestry initiatives supported by the Governments of Norway, Sweden, and Denmark (Ministry of Finance, 2020). Additionally, Ethiopia has secured climate finance for adaptation through the Global Environment Facility (GEF), largely through the Least Development Countries Fund (LDCF), often working with UNDP as the implementing agency.

The CRGE assessment determined that the majority of climate change adaptation interventions from 2011 to 2019 took place in the agriculture and livestock sector and focused on food security, agricultural productivity, and nutrition. This included mainstreaming adaptation in large flagship programs such as the PSNP, AGP, SLMP, and Participatory Small-scale Irrigation Development Project (PASIDP), among others. The CRGE assessment also noted that several projects in other sectors also increased climate resilience, including forestry; disaster risk management; water, sanitation and hygiene (WASH; water including irrigation; and renewable energy projects (Pegasys, 2020b).

The GTP-II mid-term review reported that EFCCC supported the implementation of the CRGE strategy through resource mobilization efforts that included the development of ten concept notes and 12 program and project proposals. These efforts secured USD 67.17 million for projects in Ethiopia and USD 6.8 million for a regional project (National Planning Commission, 2018b, p. 81).

Actions to mobilize resources for adaptation have included engagement with development partners, including through the DAG. EFCCC and MoF have also developed concept notes and proposals to access support, often working with other ministries such as MoA and MoWIE, and with the support of service providers. UNDP has provided support for in-house consultants to assist with proposal development and GGGI's support is focused on resource mobilization, including continued capitalization of the CRGE Facility.

GGGI is the Government of Ethiopia's designated delivery partner for the GCF readiness support programme (USD 827,203 funding over 18 months, 2019-2020) that is supporting the CRGE Facility to mobilize resources. The support includes identifying and developing CRGE-related bankable projects; developing concept notes and proposals; providing training and capacity building; developing guidelines, roadmaps, and economic assessments; supporting high-level consultations; and enhancing the role of the private sector. GGGI worked with EFCCC as the NDA to develop a proposal for GCF's readiness support for NAPs, *Building Capacity to Facilitate Integration of the NAP Process in Ethiopia*. The USD 2.78 million project, which is expected to be approved in 2020, aims to strengthen national capacity to mainstream adaptation in national and sub-national planning and budgeting processes (GGGI, 2019).

The World Bank has been supportive of Ethiopia's efforts to mobilize funding for adaptation, including a USD 1.5 million preparatory grant from the CIF's Pilot Program for Climate Resilience (PPCR) to develop the *Multi-Sector Investment Plan for Climate Resilient Agriculture and Forest Development 2017-2030* (MSIP), including support for the coordination role of the CRGE Facility (FDRE, 2017a). The plan aimed to scale up investment and action to achieve the climate resilience objectives of the CRGE strategy and GTP-II. The plan identified climate vulnerabilities and set out investment needs in five themes: climate resilient agriculture, livestock, forest and landscape development, energy, and disaster risk management and early warning systems (FDRE, 2017a). The MSIP analysis was the basis for the development of two World Bank-supported projects (Resilient Landscapes and Livelihoods Program and the Lowlands Livelihoods Resilience Project) and informed the Country Partnership Framework that guides the World Bank Group's support for Ethiopia's development program.

4.3 Alignment with other actions to mobilize resources

The Government of Ethiopia intends to have a coordinated approach to resource mobilization that considers all climate change programming. This NAP-ETH resource mobilization strategy will complement and serve as an input to broader efforts led by EFCCC's Resource Mobilization and Project Administration department and the financial wing of the CRGE Facility (MoF). Effective resource mobilization should strategically consider adaptation and mitigation priorities, work to overcome financing gaps for adaptation, and ensure that adaptation is accorded sufficient attention and considered a priority in discussions with funders.

The CRGE Strategy was integrated in GTP-II (2015-2020), ensuring that the strategy was not a stand-alone initiative. A challenge was an initial lack of emphasis on adaptation because the “CRGE strategy did not address climate change adaptation or resilience” (Pegasys, 2020b, p. 2); but the development of climate resilience strategies in key sectors, the NAP-ETH and its implementation roadmap helped to highlight the importance of adaptation. **The NAP-ETH and this adaptation resource mobilization strategy will inform and feed into the development of the updated CRGE/NDC strategy and investment plan**.

Going forward, it will be important to align adaptation actions with the overall development goals of the Government. The Office of the Prime Minister (2019, slide 32) has set out the overall development goals for the next ten years, which will be elaborated in the Ten-Year Perspective Development Plan and the 2019 Home-grown Economic Reform Agenda, which is “a blueprint to propel the country’s economic progress” (Office of the Prime Minister, 2019). Several of the overall development goals are aligned with the NAP-ETH adaptation options (see Table 2) and these options could be prioritized for resource mobilization.

Adaptation financial needs and flows could be aligned with the financing roadmap for sustainable development that has been developed as a core element of the Government of Ethiopia’s Ten-year Perspective Development Plan (2020-2030). This integrated SDG financing roadmap identifies 110 key interventions necessary to meet SDG targets in Ethiopia (Ministry of Finance, 2020b). In addition, the government has set out the resource requirements for the Home-grown Economic Reform Agenda that include mobilization of domestic savings and privatization proceeds, but also significant external financing. The government has stressed the critical role of multilateral and bilateral development partners in the form of concessional and de-risked financing to finance the SDGs and the national development plan (Office of the Prime Minister, 2019), and plans to strengthen its partnerships with international development partners to increase investment flows, including for the SDGs. Development partners pledged over USD 3 billion for the Home-grown Economic Reform Agenda at a meeting of the DAG in December 2019 (Ministry of Finance-Ethiopia, 2019).

Table 2: Ethiopia developmental goals, 2020-2030 and alignment with NAP-ETH adaptation options

Overall Developmental Goals, 2020-2030	Alignment with NAP-ETH Adaptation Options
Sustain a rapid and inclusive economic growth setting the country on a path to prosperity	
Build a resilient and diversified middle income-level economy achieved through: ▪ Building a dynamic private sector ▪ **Raising agricultural productivity and modernization of agriculture** ▪ Diversification, technological upgrading, and innovation	AO1 – Food security AO3 – Natural resource management, including agriculture: rehabilitating degraded lands AO4 – Soil water harvesting and water retention mechanisms, including irrigation AO10 – Urban systems AO12 – Adaptive industry systems

▪ **Inclusive and sustainable industrialization and urbanization** ▪ Inclusive digital economy	AO17 – Adaptation technologies, including infrastructure design and agriculture
Build human capabilities ▪ Affordable health care ▪ Quality education to relevant school-age children ▪ **Safe drinking water** ▪ **Affordable, reliable and clean energy and transportation services**	AO5 – Human health systems AO2 – Access to potable water AO9 – Alternative and renewable power generation AO11 – Sustainable transport systems
Build an emerging market economy-level modern policy and institutional framework	
Build an efficient, resilient, and well-functioning financial market system that provides **affordable access to finance to investors and consumers**	AO8 – Social protection and livelihoods options, including access to credit for vulnerable groups

Source: Office of the Prime Minister (2019), *A Homegrown Economic Reform Agenda: A Pathway to Prosperity*, slide 32.

The Government recognizes that climate change is a major challenge negatively impacting attainment of the SDGs (National Planning Commission, 2018), and **the mainstreaming of adaptation in the Government's development plans would help to identify opportunities for adaptation finance to support national development priorities**. A review of national development and infrastructure priorities in the development plans could help to identify initiatives most at risk from climate change that may require climate finance to address vulnerabilities. This could include increasing climate resilience and adaptive capacity in the agriculture and food security, water and sanitation, health, and disaster risk management sectors; as well as identifying and addressing climate risks and vulnerabilities in infrastructure investments – with an emphasis on the agriculture, energy, transport, urban, manufacturing, and communications sectors. As the government develops a financing strategy for its pipeline of flagship projects, EFCCC and MoF could add value by identifying and working to access climate finance to improve the climate resilience of these projects.

Ethiopia and its development partners have demonstrated that adaptation action can be mainstreamed in existing large-scale, long-term government programs. The PSNP integrated climate resilience into its programming to help people better manage climate risks and better cope with shocks as the climate changes (European Union [EU], 2019); and the OneWASH project included a climate resilient component to increase services in selected flood- and drought-prone areas (World Bank, 2020c). Such mainstreaming is a cost-effective and short-term solution to advance adaptation objectives while addressing national development priorities.

The short-term national development financing needs of Ethiopia will be impacted by the Covid-19 pandemic. This will likely include reallocations of domestic budgets to deal with the health and economic crisis, and shifts in the focus of international aid toward health systems and vulnerable people (Organisation for Economic Co-operation and Development [OECD], 2020). Governments in developing countries expect to spend less on climate change because of the expense of Covid-19 response, revenue loss and increased debt (NDC Partnership, 2020), meaning that scaling up domestic budget allocations for adaptation should be a medium term, not a short term, goal.

Climate finance, and particularly adaptation finance, could be aligned with short-term efforts to support the Government's efforts to address the economic and social impacts of the pandemic. For example, the Home-grown Economic Reform Agenda highlights the need for action in the agriculture sector, including increased investment in irrigation and research and development (R&D), establishment of agricultural-specific financial services, modernizing livestock production, and improved inputs and services to increase the productivity of smallholder farmers (Office of the Prime Minister, 2019, slide 13). Similar actions to enhance food security have been emphasized in the NAP-ETH and its implementation roadmap. Short-term adaptation resource mobilization efforts could emphasize this adaptation option, which will be critical from 2020 to 2022 to avert food shortages in Ethiopia, a situation that the Covid-19 pandemic is expected to exacerbate. The country was characterized as in an acute food insecurity situation from October 2019 to January 2020; the result of a prolonged dry spell in 2019 that negatively impacted households that had yet to recover their livelihoods and assets after the 2018 drought (Global Network Against Food Crises and Food Security information Network, 2020). Enhancing food security likely will be a critical short-term component of Ethiopia's economic recovery.

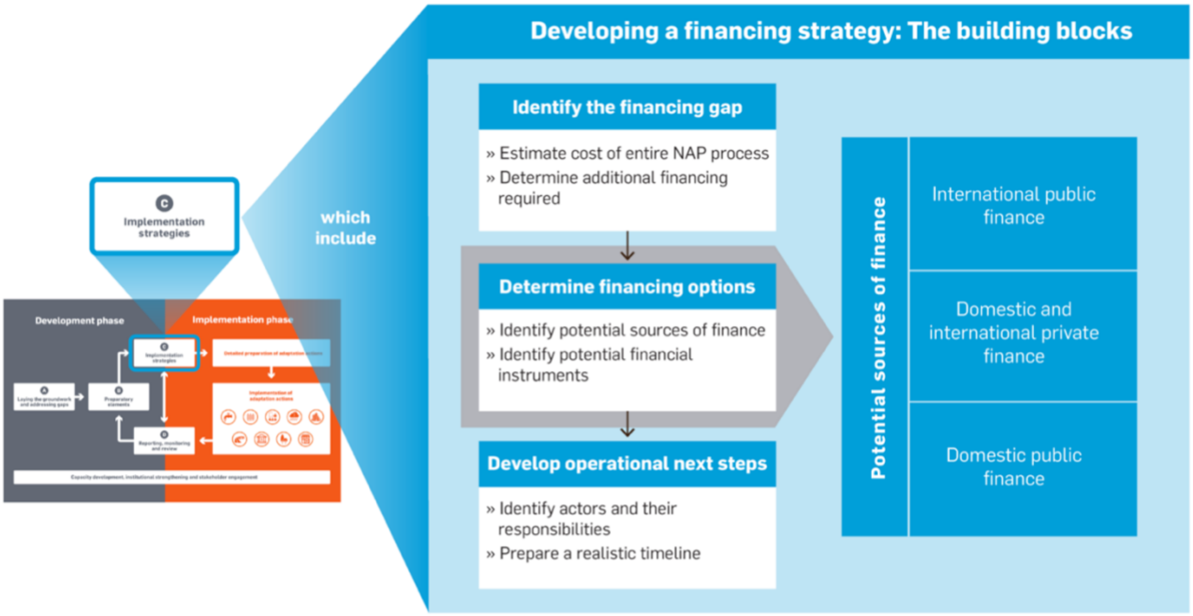
5.0 ADAPTATION RESOURCE GAPS AND NEEDS

The NAP Global Network's guidance note on financing NAP processes sets out a three-step process to develop a financing strategy that includes: 1) identifying the financing gap; 2) determining the financing options; and 3) developing operational next steps (see Figure 3). This section discusses the NAP-ETH financing gap, including efforts to define the gap and challenges in calculating a final agreed amount.

5.1 Cost of the NAP-ETH process

The NAP-ETH estimates that Ethiopia will require nearly USD 6 billion per year (USD 90 billion total) to implement the adaptation options from 2015 to 2030 (FDRE, 2019a, p. 83). The document notes that this amount is needed proportionally for each of the 18 adaptation priorities, meaning that USD 330 million per year is required for each of the 18 adaptation options. The individual adaptation options have not been costed in detail. Estimates of costs were not provided for the five strategic priorities, although the National Capacity Development Program estimated that USD 8 million per year would be required for capacity building (FDRE, 2019b, p. 99).

Figure 3: Main building blocks of a NAP financing strategy and its links to the NAP process



Source: Parry, Dazé, Dekens, Terton, Brossmann & Oppowa (2017), *Financing National Adaptation Plan (NAP) Processes: Contributing to the achievement of nationally determined contribution (NDC) adaptation goals,* page 47.

Other assessments of costs and investment needs for adaptation in Ethiopia include the 2017 MSIP that included scoping, analysis, and stocktaking to identify priority investments to increase the country's adaptive capacity and tackle specific climate risks in the agriculture and forestry sectors (FDRE, 2017a). The prioritization was based on a review of sector plans to identify bankable activities and a review of climate vulnerabilities. The MSIP estimated that approximately USD 3 billion would be required between 2020 and 2030 to reach 2030 climate resilience targets in the agriculture sector and forestry sectors.[6] The *Climate Resilience Strategy: Agriculture and Forestry* estimated that mainstreaming climate resilience in planned investments would cost USD 600 million per year by 2030 (FDRE, 2015a).

The various costing methodologies led to different results, yet the underlying message is clear: large resources – about USD 6 billion per year – are needed to implement the NAP-ETH adaptation options to 2030.

Any exercises to develop detailed costing of the 18 adaptation options and five strategic priorities could first focus on actions that build climate resilience in the national priorities that emerge in the Ten-year Perspective Development Plan, or in areas where funding sources have been identified. For example, the design phase of the World Bank-supported *Lowlands Livelihood Resilience Project*, which was developed as a result of the MSIP analysis, included detailed costing for the USD 350 million project. Such an approach to costing is likely the most efficient way forward. Costing exercises are time-consuming, require extensive stakeholder input, and likely would be re-done in a more detailed manner by the government and potential funders at the project design stage.

[6] Extrapolated from the MSIP estimate of an investment need of approximately USD 4 billion in the 2017-2030 period for climate resilient agriculture and forestry development (FDRE, 2017a, p. v).

5.2 Sources of financing for the NAP-ETH process

Sources of financing for the NAP-ETH process include domestic and international public finance and private sector investment. Limited information is available about the flows of domestic public and private sector finance for adaptation, and information and data about international public finance for adaptation is inconsistent and often difficult to access.

In regard to **domestic public finance,** the only identified source of information about the financial contributions of the Government of Ethiopia for climate change focuses on budget allocations for mitigation actions in the forestry, transport, and urban sectors from 2011/12 to 2015/16, (CRGE Facility, MoFEC, 2017). This CRGE Facility report indicated that there is no organized database in relevant sectors that tracks domestic climate change-related investments; and climate action is heavily dependent on external donor resources, with government budget allocations to climate change action being low (CRGE Facility, MoFEC, 2017, p. 56). Stakeholders indicated that there is no available information on regional or woreda budget allocations for adaptation.[7]

Information about **private sector investment** in adaptation in Ethiopia is limited, with stakeholders indicating that this information is not available. Recent efforts to promote Public-Private-Partnerships (PPPs) have attracted private investment in the renewable energy sector (World Bank, 2019a). Development partner-supported initiatives have promoted private sector investment in the agriculture sector, such as Feed the Future supported by the United States Agency for International Development (USAID, 2020). Information is not available on the amount of private sector resources that supported adaptation as a result of these development partner initiatives.

International public finance provided through multilateral and bilateral development partners is the most measurable source of financing for the NAP-ETH process; but there are significant challenges in determining the amounts of international public finance flows for adaptation, and even less information is available about the impacts of this finance. For example, the CRGE assessment was not able to undertake an extensive financial analysis of climate change projects, despite considerable interaction with the government and donors (Pegasys, 2020b).[8]

The CRGE assessment review of adaptation actions funded with international public finance included initiatives that directly addressed NAP-ETH adaptation options and strategic priorities, as well as initiatives in sectors that were considered adaptation-relevant, such as agriculture, sustainable land management, forestry, and social safety nets. The draft assessment determined 97 adaptation projects were implemented between 2011 and 2019 for a total value of ETB 171.8 billion/ approximately USD 5.22 billion. In the same time period ETB 219.73 billion/approximately USD 6.69 billion was invested in 74 mitigation projects, and ETB 205.11 billion/approximately USD 6.23 billion in

---

[7] Stakeholder consultation on adaptation resource mobilization held in Addis Ababa in March 2020. The meeting report is available from EFCCC.

[8] The CRGE assessment originally planned to collect and analyze climate finance data to determine year-on-year expenditure; trends in expenditure; sources of funding; types of climate finance; blending opportunities; climate finance expenditure splits for preparation, implementation and operations; and utilisation of climate financing modalities, including private sector investment. It was not possible to collect consistent data to enable such analysis. As such, this resource mobilization strategy – with a much smaller budget and shorter timeframe than the CRGE assessment – does not include a detailed analysis of the flows of finance for adaptation, but rather draws on the CRGE assessment to estimate the amount of international public finance that has been mobilized to meet adaptation needs (Pegasys, 2020b, pp. 38-39).

53 projects that had adaptation and mitigation benefits (Pegasys, 2020b, p. 42).[9, 10] Sixty-three of the 97 adaptation projects were in the agriculture sector. A majority of the investment in the thirty-two projects with both mitigation and adaptation benefits was directed toward the PSNP and contributed to food security (Pegasys, 2020b, p. 42).

A review of potential international funding sources and the projects supported (see Annex 1) demonstrates that Ethiopia has mobilized international public finance for activities that deliver on the NAP-ETH priorities. This includes stand-alone adaptation projects that are supported under the UNFCCC financial mechanism; and funding and projects to mainstream adaptation in large government programs, such as the PSNP and OneWash program. Many projects that focus on adaptation take an integrated rural development approach that addresses various NAP-ETH options including AO1 - food security, AO3 - natural resource management, AO4 - irrigation and water harvesting, and AO8 - social protection and livelihoods.

Ethiopia has mobilized resources from a variety of sources that help to support the five strategic priorities or the development phase of the NAP process (see Table 3). The NAP Global Network with funding from the U.S. government delivered an in-country program that provided support for Ethiopia's NAP process including capacity building and the development of the NAP implementation roadmap, gender analysis and resource mobilization strategy. Other support – including GCF preparation and readiness support, project preparation grants, and support to develop the MSIP and CRGE assessment – helped with mainstreaming, capacity building, and resource mobilization for adaptation. On-going initiatives to update the CRGE strategy and NDC – funded by the World Bank, UNDP, and Government of the Netherlands – likely will emphasize mitigation but could include adaptation issues drawing on the work of the NAP-ETH process.

Two projects in the pipeline will help to deliver on the NAP-ETH strategic priorities, including the GCF-supported NAP readiness project and the LDCF-funded *Enhancing Adaptive Capacity of Communities by Up-scaling Best Practices and Adopting an Integrated Approach in Ethiopia.* The latter project provides a framework for mainstreaming adaptation into development planning at the woreda and kebele levels, and provides capacity building to develop adaptation and disaster risk reduction plans and institutional strengthening for landscape management. Several other projects, such as the *Climate Smart Integrated Rural Development Project in the Pastoralist Area of Ethiopia* supported by the Government of Italy, include components that are focused on building capacities in specific sectors, such as climate smart agriculture.

---

[9] Exchange rate used in the analysis in this section is based on the O&A interbank rate of 1st January 2020.

[10] The CRGE assessment adopted a "flexible approach" to the identification of climate change adaptation and mitigation projects that was guided by the World Bank's categorization of activities with adaptation and mitigation co-benefits. The total amount of the project was assumed to contribute to the achievement of climate benefits (Pegasys, 2020b, p. 6).

Table 3: Support for the NAP-ETH strategic priorities / NAP development phase (2019-2023)

Funder	Focus of support	Implementing entities	Amount (USD)	Timeframe	Strategic priority addressed
GCF Readiness and Preparatory Support Program	Strategic Framework Support for Ethiopia – support for project management, environmental and social safeguards assessment and management, resource mobilization, and private sector engagement.	GGGI CRGE Facility	827,203	2019-2021	SP1, SP2, SP3
GCF Readiness and Preparatory Support Program	Building Capacity to Facilitate Integration of the NAP Process – including private sector engagement and mainstreaming adaptation in local development plans.	GGGI CRGE Facility	2,776,921	3 years; approval likely in 2020	SP1, SP2
Least Developed Countries Fund (LDCF)	Enhancing Adaptive Capacity of Communities – Component 1: Capacity building for adaptation plans, climate vulnerability and risk assessments at the city, woreda and kebele level (total USD 8,932,420 with PPG of USD 200,000)	UNDP EFCCC	800,000 (component 1)	Concept approved	SP1, SP2
LDCF	Capacity Building Initiative for Transparency – MRV with small adaptation M&E component (total USD 1,468,770 with PPG of USD 54,750).	UNDP EFCCC	150,000 (M&E component)	2019-2023	SP1, SP2
World Bank	CRGE Strategy Implementation Assessment, 2011- 2019. Technical support to update the CRGE/NDC, and mainstream climate action in GTP-III and Ten-year plan	CRGE Facility	1,500,000 500,000	2019-2020 2020	SP1, SP3 SP1

	(through NDC Support Facility).				
Government of the Netherlands	Technical assistance to support coordination across CRGE sectors, regional units and development partners	EFCCC	110,000	2020-2022	SP1
UNDP	Enhancing NDCs including assessing costs, reviewing policies and measures, and developing NDC knowledge management and communication plan	CRGE Facility	200,000	2020	SP1, SP3, SP4
NDC Partnership	Support to updating the NDC	CRGE Facility		2020	SP1
NAP Global Network	NAP-ETH implementation framework, gender strategy and resource mobilization strategy.	EFCCC		2017-2020	SP1, SP2, SP3

Source: GEF (2020), *Ethiopia at a Glance;* GCF (2020), *Ethiopia;* and Yirgu (2020), *Ethiopia Country Engagement Update Report – January-March 2020.*

5.3 Adaptation financing gap

A review of available information suggests challenges in determining an adaptation gap, partly because of a lack of clarity in defining adaptation finance and what is considered as finance that supports the implementation of NAP-ETH adaptation options and strategic priorities.

One perspective is that no funding has been mobilized to implement the specific NAP-ETH options and the adaptation gap is USD 6 billion per year.[11] This view maintains that the only resources mobilized to date include support for the NAP-ETH process provided through the NAP Global Network and the pipeline project for the GCF readiness support for the NAP process.

Pegasys (2020b) used a second approach in the CRGE assessment that concluded that some of the adaptation financing gap has been filled. The CRGE assessment estimated expenditure and investment still required from 2020 to 2030 for adaptation action in three sectors. The analysis concluded that no further investment is required to 2030 for adaptation in the agriculture and forestry sector because ETB 291.5 billion/approximately USD 8.86 billion had been committed to the sector. The assessment concluded that the health sector had mobilized sufficient budget to cover adaptation needs to 2020; and the water and energy sector requires ETB 19.7 billion/USD 599 million to 2030 (Pegasys, 2020b, p. 46).

The conclusion of the CRRGE assessment that adaptation is adequately funded in some sectors, such as agriculture, is likely not true. The CRGE assessment counts total project funding as

[11] This perspective was put forward by two reviewers of the NAP-ETH resource mobilization strategy.

adaptation, mitigation, or both. This likely overstates the amounts of adaptation finance flows because not all projects or activities would be explicitly adaptation, meaning they are designed and implemented to address specific climate vulnerabilities.

A third approach, which is only emerging in Ethiopia and requires further examination, attempts to identify projects or components of projects that specifically address identified climate vulnerabilities. The World Bank has begun to apply the Multilateral Development Bank (MDB) adaptation tracking methodology (briefly described in Box 1) to identify the amounts of adaptation finance in programming and investments.

Box 1: The Common Principles for Climate Change Adaptation Finance Tracking

MDBs have developed common principles for tracking climate adaptation finance to enable comparison and consistency in reporting on climate adaptation finance allocations. MDBs have elaborated a three-step approach to identify activities that are counted fully or partially towards adaptation finance. For an initiative to be considered as adaptation, it must:

- Set out the climate vulnerability context of the project;
- Make an explicit statement of the intent of the project to reduce climate change vulnerability; and
- Articulate a clear and direct link between specific project activities and the project's objective to reduce vulnerability to climate change.

Reporting on adaptation finance is limited solely to those project activities (which could be entire projects or components of a project) that are clearly linked to the climate vulnerability context to avoid over-counting adaptation finance.

Source: AfDB, et al. (2019), *The 2018 Joint Report on Multilateral Development Banks' Climate Finance*, p. 26.

An examination of the World Bank climate finance allocations for 2018 funding commitments to Ethiopia (see Table 4) helps to illustrate the difference.[12] The World Bank analysis determined that the Livestock and Fisheries Sector Development Project resulted in adaptation finance flows of USD 54.35 million. The CRGE assessment methodology that considered full project budgets as climate finance flows calculated adaptation finance flows of USD 85 million for this same project (half of the total USD 170 million). Similarly, the Rural Productive Safety Net Project also results in different conclusions regarding adaptation finance flows: USD 322.60 million for adaptation using the MDB methodology versus USD 600 million for adaptation using the CRGE assessment methodology. This short analysis highlights the challenges in calculating flows of adaptation finance and the risk of over-estimating existing investments.[13]

[12] Other World Bank projects support adaptation; the list in Table 4 only includes World Bank commitments in 2018. An example is the *Climate Action through Landscape Management Program for Results*, where climate screening determined that 50 percent of the financing would meet adaptation objectives and 50 percent would meet mitigation objectives (World Bank, 2019b, p. 25). The PSNP, *Urban Productive Safety Net Program*, *Lowlands Livelihoods Resilience Project*, and others also have components that meet World Bank adaptation objectives and are aligned with NAP-ETH adaptation options.

[13] This brief assessment draws attention to the need for a comprehensive review of adaptation finance flows.

Table 4: Climate finance flows in World Bank commitments for Ethiopia in 2018

Project	NAP-ETH sector	Climate finance (%)	Adaptation (USD million)	Mitigation (USD million)	Total commitment (USD million)
Livestock and Fisheries Sector Development Project	AO1	63.99%	54.35	54.45	170
Ethiopia General Education Quality Improvement Program for Equity	SP5	0.27%	0.81	0	300
Ethiopia Electrification Program	AO9	98.29%	0	368.6	375
Ethiopia Economic Opportunities Program	N/A	0%	0	0	202
Ethiopia Competitiveness and Job Creation Project-Additional Financing	N/A	11.96%	0	20.93	175
Ethiopia Rural Productive Safety Net Project	AO8	70.40%	322.60	99.8	600
Enhancing Shared Prosperity through Equitable Services	N/A	0%	0	0	700
Ethiopia Urban Institutional and Infrastructure Development Program	AO10	29.19%	146.64	28.5	600

Source: World Bank (2019), *World Bank Climate Finance 2018*.

While it is not possible to identify a definitive number in regard to Ethiopia's adaptation financing gap for the implementation phase of the NAP process, it is possible to conclude that continued emphasis is needed to mobilize resources for the NAP-ETH adaptation options. This includes mobilizing resources for specific adaptation projects; for mainstreaming climate resilience in vulnerable sectors identified in the NAP-ETH (such as agriculture, health, forestry, and water), and for increasing climate resilience in infrastructure projects in the energy, transport, urban, and manufacturing sectors. A recent World Bank report stressed the importance and benefits of improving climate resilience in the power, water, and transportation sectors (Hallegatte, Rentschler & Rozenbeg, 2019). Increased investments in climate resilient agriculture are critical for Ethiopia, especially at the woreda and kebele levels, given the critical food insecurity situation and expected challenges of economic recovery after the Covid-19 pandemic.

Increased resources are required for the NAP-ETH strategic priorities. A review of initiatives to support the five NAP-ETH strategic priorities shows that Ethiopia is likely to receive USD 2.78 million from the GCF readiness support mechanism to support the NAP process with GGGI as the delivery partner. **A challenge may be that the GCF funding will not have the flexibility to meet EFCCC's evolving needs to coordinate and maintain the NAP process** because expected outcomes and project activities of the GCF readiness support are set out at the planning stage. This means that the GCF funding may not address the strategic priorities, including strengthening in-house government capacity in regard to project development and management, financial management, M&E, and knowledge management including compilation of climate risk and vulnerability assessments.

Flexible technical assistance and budget support to the CRGE Facility's staffing and operations costs can be difficult for donors to program and fund, but it is extremely helpful for governments in the ever-changing world of climate change. The structure of technical assistance programs often results in documents, reports, and training manuals, and capacity building delivered through workshops that tends to be more focused on awareness raising – rather than systemic capacity building that strengthens in-house government capacity.

6.0 OPTIONS TO SCALE UP ADAPTATION FINANCING

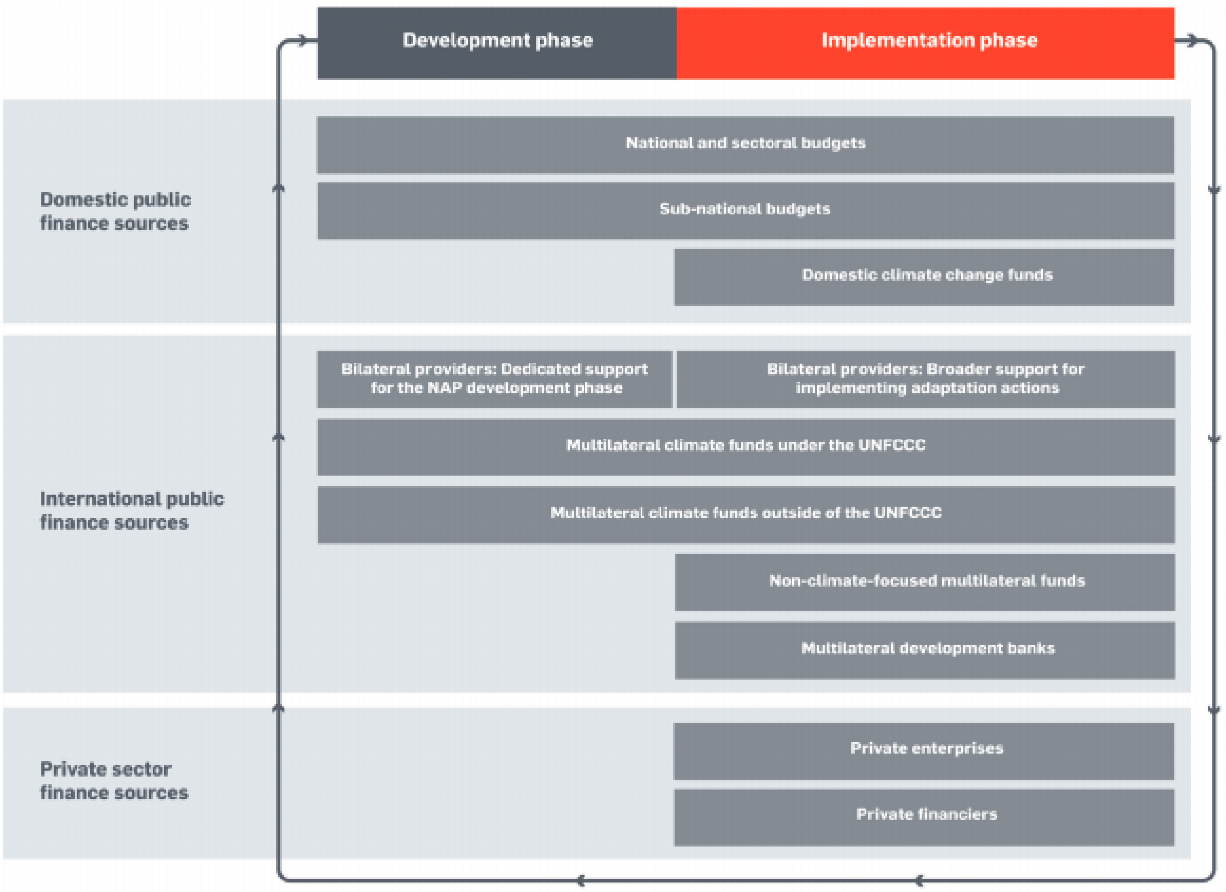
A range of options exist to finance Ethiopia's NAP process as illustrated in Figure 4. The potential sources of finance for the five NAP-ETH strategic priorities correspond to the development phase, while the potential sources of finance for the 18 NAP-ETH adaptation options are aligned with the implementation phase.

Activities undertaken in the on-going development phase of the NAP-ETH process are typically supported with public finance, including domestic government budget allocations and international public finance provided through grant funds and technical assistance. Resources are needed to maintain and coordinate the NAP-ETH process, including mainstreaming adaptation in national and sub-national planning and budgeting, managing oversight and technical committees, undertaking M&E, reporting at the national and international level, documenting and disseminating information, undertaking climate risk and vulnerability assessments, engaging stakeholders, mobilizing resources including preparing concept notes and proposals and liaising with potential funders, and building capacity to effectively carry out these actions.

At the implementation phase, resources are needed to design and deliver adaptation actions. These can be stand-alone adaptation projects or specific components of an initiative that address identified climate vulnerabilities (such as a grant funds to include a specific component that addresses climate risks in investment projects financed through loans). Implementation phase interventions can include capacity building and technical assistance. Financial instruments at the implementation phase of the NAP-ETH can include recurrent and capital domestic budget allocations at the national, regional and woreda level; grants, concessional loans, and guarantees through climate finance and Official Development Assistance (ODA); private sector finance; support through private foundations; and combinations of the above, including blended finance instruments.

Effectively implementing the NAP will mean drawing on all sources in a strategic manner. The current situation and implications of drawing on these various sources is discussed in this section.

Figure 4: Potential sources of finance for the NAP process



Source: Parry et al., (2017), p. 46.

6.1 Domestic public finance

Domestic public finance sources are “public sector financial resources, raised and managed by the government” and “allocated in annual budgets based on short- or medium-term plans for government departments/agencies or transfers to non-state actors” (Parry, et al., 2017, p. 6). Parry et al. (2017) note that domestic public budgets can be a consistent and predictable source of financing for the NAP process; and the allocation of domestic resources to specific adaptation actions, either through direct financial contributions or in-kind support, can help to attract international finance. Table 5 provides a summary of the types of adaptation expenditures that can be supported through domestic public finance and strategic considerations, which are discussed in detail in this section.

Table 5: Domestic public finance

Source of funding to support adaptation	Type of funding/ expenditure for adaptation	Strategic considerations	Alignment with NAP-ETH
National Public sector financial resources that are raised and managed by the national government.	Budget allocation for salaries and operations of EFCCC, CRGE units and CRGE focal points. Transfers to regions for large programs, including PSNP, SLMP, AGP. Cash allocations from ministry budgets to climate adaptation projects supported by international public finance.[1]	Can be a consistent and predictable source of finance for the NAP-ETH process. Can enhance national ownership of adaptation action. Can indicate commitment to adaptation action and help to mobilize international public finance. NAP process is maintained and facilitated through budget allocation to EFCCC. CRGE units and focal points lead adaptation mainstreaming efforts in sectors and ministries. Federal government influences adaptation mainstreaming through the enabling environment, including establishing national policies that guide development activities at the regional and woreda levels: energy, water, agriculture, natural resources management, forestry, rural development, and urban development. Five of ten largest expenditure items of Federal Budget FY 2019-2020 are aligned with NAP-ETH adaptation options: roads, energy, irrigation and water development, health, and agriculture and rural development (sector-wide support).[2] Research institutions and universities receive budget allocations.	SP1 – Mainstreaming, including M&E SP2 – Capacity building SP3 – Mobilizing resources SP4 – R&D SP5 – Knowledge management AO1 – Food security and agricultural productivity AO4 – Irrigation and water AO8 – Social protection AO9 – Renewable energy AO11 – Sustainable transport AO17 – Adaptation technologies AO18 – R&D
Regional, Zonal and Woreda	Budget allocations for salaries and operations at the regional, zone,	Bottom-up planning process offers opportunity to mainstream adaptation concerns of local communities in woreda and regional governments programs.	SP1 – Mainstreaming, including M&E

Source of funding to support adaptation	Type of funding/ expenditure for adaptation	Strategic considerations	Alignment with NAP-ETH
Public sector financial resources that are raised and transferred from the national government and managed by regional, zonal and woreda governments. Sub-national governments plan and implement development activities in accordance with national policies.	and woreda levels. Budget allocations for adaptation programs.	Opportunity to mainstream adaptation in the delivery of public services in sectors aligned with NAP-ETH adaptation options: - PSNP and food security transfers, - Agriculture and livestock, including AGP, - Natural resource protection, including SLMP, - Urban development, and - Water and sanitation. Training/capacity building in the use of climate information and adaptation options could improve use of resources in adaptation-friendly manner. For example, training for: - Local government officials on mainstreaming adaptation, - Agricultural and health extension workers on climate risks and adaptation strategies, and - Communities on adaptation options, such as conservation agriculture and improved rangeland management.	SP2 – Capacity building SP3 – Mobilizing resources AO1 – Food security and agricultural productivity AO2 – Potable water AO3 – Natural resource management AO4 – Irrigation and water AO5 – Health AO6 – Ecosystem resilience AO7 – Forests AO8 – Social protection AO9 – Renewable energy AO10 – Urban systems AO11 – Sustainable transport AO16 – Early warning systems

6.1.1 Allocation of domestic public finance for adaptation

All elements of the NAP process will be supported with some domestic public finance, either direct financial resources for specific adaptation actions (capital budget) or the salary/recurrent costs of personnel (recurrent) to facilitate and coordinate the NAP process. This in-country investment in adaptation may be unstated or under recognized because Ethiopia's public finance system is not codified to track climate (adaptation and mitigation) budgets or expenditures (CRGE Facility, MoF, 2017). As such, Government of Ethiopia budget allocations for project implementation and for staff that coordinate and manage adaptation issues are not clearly delineated or accounted for.

This resource mobilization strategy emphasizes actions to encourage allocation of budgets for adaptation action at various levels of government, rather than raising domestic revenues to increase government allocations to adaptation.[14] This strategy encourages the various levels of government to mainstream adaptation in planning and allocate budgets to actions that build climate resilience, particularly at the community level.

The decentralized structure of Ethiopia's federal system offers opportunity to support or encourage adaptation action at the different levels of government, and provides entry points to facilitate vertical integration in the NAP process, defined by Dazé, Price-Kelly and Rass (2016, p. 4) as "the process of creating intentional and strategic linkages between national and sub-national adaptation planning, implementation and monitoring and evaluation (M&E)." Government authority in Ethiopia is divided between the central government and nine regional states of governments, as well as two special administrative cities. These Regions are further divided into zones, woredas, and kebeles (see Box 2).

6.1.2 Mainstreaming climate adaptation considerations in pro-poor and infrastructure sectors

At the national level, the EFCCC, PDC and MoF can emphasize mainstreaming climate adaptation considerations in pro-poor and infrastructure sectors. Five of ten largest expenditure items of Federal Budget FY 2019-2020 are aligned with NAP-ETH adaptation options: roads, energy, irrigation and water development, health, and agriculture and rural development (Cepheus Research & Analytics, 2019).

---

[14] While recognizing the importance of raising domestic revenues to increase budget allocations to adaptation, such interventions are beyond the purview of this adaptation resource mobilization strategy. Actions to generate new revenue for the NAP process – such as a carbon tax that earmarks a portion of income for adaptation action, green bonds, and debt – can only be part of a national resource mobilization strategy that accounts for Ethiopia's wider macroeconomic situation and domestic capacity for revenue generation and collection. The government is taking action to generate revenues (see National Planning Commission, 2018) and further recommendations are beyond the purview of the MoF or EFCCC and this strategy. Similarly, adaptation actions that are supported through loans or encouraged through government guarantees must be considered within Ethiopia's broader economic framework, including current account deficits and levels of sovereign debt.

Box 2: Ethiopia's Federal System

At the national level, the **Federal Government** is responsible for about 62 percent of total government expenditure and has tended to target pro-poor sectors and addressing the infrastructure gap (UNICEF, 2019). The regions, city administrations, and woredas are responsible for basic service delivery.

The **nine Regional Governments and two City Administrations** receive budget support in block grants from the federal government food security and PSNP transfers, and support to the SDGs that is used for capital investments in basic service sectors, mainly health, at the woreda level. Transfers to regions represented about 38 percent of national budget expenditure for 2019-2020 [UNICEF, 2019]). Regional governments and city administrations plan and implement development activities in accordance with national economic and social policies. Their responsibilities include health centres, water and sanitation, rural roads, agriculture development, and natural resources protection (UNICEF, 2018).

The regions are divided into approximately 1,000 **Woredas**. These district administrations receive block grants from regional governments to implement their own administrative and development plans. They have a mandate to plan and coordinate development activities at woreda and kebele administration levels. Woredas are in charge of water supply, building and maintenance of rural roads, basic education, primary health care services, veterinary services, agricultural development activities including extension services, and natural resources protection (UNICEF, 2018).

The local administration is comprised of approximately 15,000 **Kebeles**, which are the primary government contact level for most citizens. Key responsibilities of kebele councils, which commonly work through community committees, are preparing annual kebele development plans and organizing in-kind contributions to development activities. Kebeles do not have control over budgets or engage in revenue mobilization or other finance-related manners (Bekele & Kjosavik, 2016).

Integrating adaptation means ensuring that infrastructure investments are resilient to the expected impacts of climate change, and encouraging climate-resilient agricultural systems through such actions as increased irrigation. Much of the work at the national level is establishing the correct enabling environment through policies and regulations, and mainstreaming adaptation in planning processes. An example is the PSNP IV, where adaptation and mitigation were addressed at the planning stage of the fourth phase, which ensured that community participation in public works focused on building resilience and increasing adaptive capacity by focusing on integrated community-based watershed development, rangeland management, and the development of community assets (European Union, 2019).

The Government has committed to mainstreaming the SDGs in the new national development plans (National Planning Commission, 2018), and the process may offer opportunity for mainstreaming adaptation, including highlighting areas where regulatory improvements or changes at the planning stages can improve adaptation outcomes.

6.1.3 Allocating resources for adaptation projects in the form of co-finance

The government has demonstrated commitment to adaptation actions and helped to leverage international financing and support through allocation of domestic resources, both in cash and in-kind contributions. For example, *CCA Growth: Implementing Climate Resilient and Green Economy plans* *in highland areas*, a project supported through LDCF grant finance of USD 6.28 million includes co-financing from the Government of Ethiopia, including USD 6.3 million through the Ministry of Agriculture budget in four regions and USD 2 million from the CRGE Facility (GEF, 2014). The Government of Ethiopia provided USD 4.96 million in co-financing for the GCF project, *Responding to the increasing risk of drought: Building gender-responsive resilience of the most vulnerable communities*, that provided USD 45 million in grant finance (MoFEC, 2017, pp, 4-5).

The CRGE Facility reported that recurrent expenditure in the forestry sector is financed through domestic financial sources, with capital activities financed by the government treasury and external finance through grants and loans, with a heavy reliance on external sources (CRGE Facility, 2017). The government allocations to capital expenditure helped to secure donor funding for REDD+ and community forestry projects. The allocation of domestic resources to activities is an important element of delivering on adaptation options and strategic priorities, and can help to mobilize international resources by building the confidence of funders and making the initiative more attractive for financing.

6.1.4 Use existing resources in an adaptation-friendly manner at the sub-national level

Much of the implementation of adaptation will occur at the regional, woreda and kebele levels because effective adaptation addresses local conditions. Regional and woreda level bureaus are well positioned to address adaptation, possessing local knowledge of the natural and manmade environment and systems in place to deliver key services to communities. They have an understanding of the priority needs of their communities, and plan and implement small- and medium-sized projects, which is often what is needed at the local level to build climate resilience and encourage adaptation (Africa Climate Change Resilience Alliance, 2012). Furthermore, they engage front line workers including agricultural and health extension workers that can play critical roles in raising awareness about adaptation and options to increase climate resilience, and they deliver PSNP and provide relief when disasters strike.

Woredas are well-positioned to identify and prioritize local needs and deliver public services that improve adaptation outcomes (Africa Climate Change Resilience Alliance, 2012). The bottom-up planning process in Ethiopia for many activities, such as forestry and agriculture, offers opportunity to bring adaptation concerns of local communities to regional governments. Woreda development plans are submitted to zonal offices, and the plans for each zone are aggregated to form regional plans that are approved by regional councils (UNICEF, 2018). Woreda bureaus have a key role to play in ensuring community engagement and participation, but require skill and resources to facilitate participatory approaches, including approaches that ensure equitable representation and participation by people of all genders and social groups.

At the woreda level, capacity could be built to integrate adaptation in planning and identify ways to realign expenditures to improve adaptation outcomes. **Training in the use of climate information and identification of effective adaptation measures, such as conservation agriculture and improved rangeland management, can improve the likelihood of local expenditure addressing adaptation needs**. Some work has been done in this area and may offer lessons. For example, five Woredas in five different Regions participated in a pilot project to mainstream the CRGE in their 2015/16 and 2016/17 development plans. The Woredas applied mainstreaming guidelines that were customized for Ethiopia including translation into three local languages. The mainstreaming guidelines have been since been updated to incorporate the NAP-ETH.

Improving resource allocations for adaptation at the woreda level does not necessarily mean securing new resources, but using existing resources in an adaptation-friendly manner; although it is important to continue to look for opportunities to scale up funding for local governments. This can include improving the capacity of planning authorities at the woreda level to integrate climate risks in planning processes and provide support to communities that address these risks. The integration of climate adaptation in woreda and kebele planning requires:

- Accurate climate risk assessment and predictions;
- Improved capacity to use this information in planning and decision making, including the identification of cost-effective actions that improve adaptation outcomes; and
- Increased ability to use participatory approaches that include vulnerable groups, including women and youth.

Building this capacity likely will need to be a medium-term action because the availability of domestic public resources to allocate to adaptation actions (as well as basic services) will be constrained in the short term due to the impacts of the Covid-19 pandemic. This global crisis is expected to reduce Government of Ethiopia revenue generation due to impacts on incomes of residents, trade revenues, remittances and external inflows through aid, export earnings, and remittances (World Bank, 2020a, p. 12).

6.2 International public finance[15]

Domestic resource mobilization on a scale commensurate with the adaptation needs of Ethiopia is not an option, meaning international public finance will remain an important source of funding for adaptation in the short and medium term. ODA may be reallocated in the short term to meet health care and economic response needs, thus Ethiopia should actively pursue adaptation finance that addresses pressing national development needs in a climate resilient manner. Climate justice demands that high greenhouse gas emitting countries continue to provide adaptation funding to countries like Ethiopia that make a miniscule contribution to global emissions.

International public finance for the NAP-ETH process is mainly provided by developed countries, either directly in the form of bilateral assistance or indirectly through multilateral channels. Ethiopia receives support for climate adaptation through climate funds under the UNFCCC, other multilateral funds, MDBs, and bilateral partners, discussed in this section. The largest providers of international public finance through ODA in Ethiopia include the World Bank, AfDB, United States, United Kingdom, EU institutions, and Germany (OECD-DAC, 2020).

Various financing options available to support adaptation are discussed in this section. The number of instruments, mechanisms, and delivery agents has increased in recent years, which also increases the complexity of identifying and managing the various sources.

In regard to support for the development phase of the NAP-ETH process, service delivery organizations or intermediaries are often engaged to deliver capacity building and support programs for the Government of Ethiopia. This includes multilateral organizations, such as GGGI and UNDP; service providers in the field of international cooperation, such as GIZ (Germany's development agency); and consulting firms and research institutions that support the work of the above or deliver capacity building and support programs through such entities as the NDC Partnership or NAP Global Network. Such approaches enable developed countries to program climate finance through organizations with high fiduciary standards and demonstrated capacity to

[15] Much of this section draws on information in Annex 1: Potential sources of adaptation finance. The sources of information are included in Annex 1.

deliver; although there are concerns about short-term projects that are designed by distant experts and delivered through intermediaries. Climate finance can pass through several funds and partners – with separate administration costs – before being used to deliver activities for beneficiaries in Ethiopia. While local consultants often are engaged to deliver technical assistance and capacity building, this does not address the issue of lack of human and financial resources within the EFCCC and MoF to coordinate and facilitate the NAP-ETH process.

The Government of Ethiopia has accessed grants and concessional loans to implement adaptation interventions through programmatic approaches that combine funding from the government and multilateral and bilateral entities to support large government programs in the agriculture sector including the AGP, SLMP, and PASIDP, among others. These projects address the adaptation options of food security (AO1), natural resource management (AO3), and irrigation (AO4). Large programmatic approaches such as the PSNP and OneWash programme address social protection (AO8) and water (AO2). Other large government programs supported by development partners address mitigation and have adaptation co-benefits, including the Rural Electrification Fund (renewable energy – AO9) and the Oromia Forested Landscape Programme (forestry – AO7). Given that much adaptation finance supports public goods, Ethiopia, like other LDCs, should prioritize grants for adaptation financing and not loans (Huq, 2015).

Development partners increasingly are mainstreaming adaptation (and mitigation) in their development programs. For example, the World Bank has committed to Paris Alignment in its operations and tracks the amount of climate finance (both adaptation and mitigation) in all projects using a common adaptation finance tracking methodology developed by the join MDB Working Group on Climate Finance Tracking (AfDB, et al., 2018). As such, information is available to track adaptation finance allocations in World Bank projects in Ethiopia from 2018 onward.

6.2.1 Funds under the UNFCCC financial mechanism

Ethiopia has successfully accessed funds established under the financial mechanism of the UNFCCC, including the Adaptation Fund, GCF, LDCF, Special Climate Change Fund (SCCF), and GEF Trust Funds for climate change (see Tables 6 and 7). A strategic approach in needed in regard to future requests and proposal development, given the complexities and long timeframes in accessing the funds. The various UNFCCC funds and strategic considerations in accessing these funds are summarized in Table 6 and discussed in this section.

Ethiopia has accessed support from the **Adaptation Fund** for a USD 9.99 million project that is implemented through the CRGE Facility as a direct access entity, and a USD 6.80 million regional project implemented in three countries.[16] The Adaptation Fund has a funding limit of USD 10 million per country, although regional projects do not impact the cap. Many developing countries have not reached the funding cap and the Adaptation Fund is oversubscribed (Adaptation Fund, 2020), suggesting this is not a likely financing option for the short term. Ethiopia could consider engaging in more regional projects, but only after consultation with the Adaptation Fund to determine the feasibility and likelihood of support. Ethiopia could consider accessing Adaptation Fund grants to scale up and disseminate information about the *Climate Smart Integrated Rural Development Project*; up to USD 100,000 and USD 150,000, respectively.

The **Global Environment Facility (GEF)** administers three sources of climate finance related to climate change adaptation, including the GEF Trust Fund, LDCF, and Special Climate Change Fund (SCCF). GEF has a mandate to provide support on global environmental issues, including climate

[16] The website of the Adaptation Fund reports that the project started in 2018 with a duration of three years; but EFCCC reports that funding has not been secured.

change, biodiversity, and land degradation. Ethiopia accesses these funds through GEF agencies and works predominantly with UNDP that is the GEF agency for two adaptation projects whose concepts have been approved by the LDCF, four ongoing climate change projects (three under the LDCF and one under the GEF Trust Fund), one ongoing project under the Capacity Building Initiative for Transparency (CBIT), and four ongoing biodiversity projects (including two with substantive adaptation impacts). In addition, Ethiopia has direct access to GEF resources of up to USD 500,000 to prepare national communication reports to the UNFCCC. Additionally, the GEF supports various multi-country projects that benefit Ethiopia, although it is difficult to determine allocations of adaptation finance to Ethiopia from project documentation (GEF, 2020).

Table 6: International public finance - UNFCCC financial mechanism

Source of funding to support adaptation	Type of funding/ expenditure for adaptation	Strategic considerations	Alignment with NAP-ETH
UNFCCC Financial Mechanism Adaptation Fund Global Environment Facility (GEF) Trust fund Green Climate Fund (GCF) Least Developed Countries Fund (LDCF) Special Climate change Fund (SCCF)	Grants – dedicated climate finance funds. Technical assistance – grant or non-financial assistance that supports capacity building, skills training, knowledge and information sharing, and the provision of expertise.	MoF through the CRGE Facility is a direct access entity for the GCF (small projects up to USD 50 million) and Adaptation Fund (projects up to USD 10 million). EFCCC is the operational focal point for GEF, Designated Authority for the Adaptation Fund and National Designated Authority (NDA) for the GCF. Adaptation Fund, LDCF and SCCF are over-subscribed and have funding limits (e.g., USD 10 million for Adaptation Fund; USD 50 million for LDCF with USD 10 million for 2018-2022). All have complex application processes and long timeframes for review and approval. GCF has a mandate to deliver half its funding for adaptation projects. This offers opportunity for funding to enhance livelihoods of vulnerable people, health, food, water, resilient infrastructure, and resilient ecosystems. GCF readiness and preparatory support programme strengthens institutional capacity of NDAs and direct access entities, including support for the NAP process. Service providers deliver several projects, including UNDP delivery of LDCF and GEF projects, and GGGI delivery of GCF support projects.	SP1 – Mainstreaming SP2 – Building capacity SP3 – Mobilizing resources SP4 – R&D SP5 – Knowledge management AO1 – Food security AO2 – Potable water AO3 – Natural resource management AO4 – Irrigation and water AO5 – Health AO6 – Ecosystem resilience AO7 – Forests AO8 – Social protection AO16 – Early warning systems

		Project preparation grants can be accessed by the EFCCC or service providers through the GCF and GEF.	Resilient infrastructure, including: AO9 – Renewable energy AO10 – Urban systems AO11 – Sustainable transport

Table 7: Projects in Ethiopia supported through the financial mechanism of the UNFCCC

Climate Fund	Project Title	Climate Finance USD million	Timeframe	NAP-ETH Sectors
Adaptation Fund	Climate smart integrated rural development project	9.99	2017-2021	AO1: Food security; AO3: NRM; AO4: Water; SP1: Mainstreaming; SP2: Capacity building
	Agricultural climate resilience enhancement initiative (ACREI) - Regional project: Ethiopia, Kenya and Uganda	2.27 (⅓ of 6.80) (Ethiopia has not yet received funding)	2018-2021	AO1; AO18: R&D
Global Environment Facility (GEF) Trust Fund *(GEF Trust Fund multi-country projects of which Ethiopia is one of several recipients are*	Food-IAP: Integrated landscape management to enhance food security and ecosystem resilience (under the land degradation and biodiversity GEF focal areas)	11.16	2017-2021	AO1; AO3; AO15: Insurance; SP1; SP5: Knowledge management
	Mainstreaming incentives for biodiversity conservation in the CRGE Strategy (under the biodiversity GEF focal area)	3.72	2015-2020	AO6: Biodiversity
	Enhanced management and enforcement of Ethiopia's	8.00	2017-2023	A3: NRM; AO6: Biodiversity; AO7: Forests

not included in this table)	Protected areas estate (under the biodiversity GEF focal area)			
	Promoting sustainable rural energy technologies for household and productive uses	4.58	2017-2021	AO9: Renewable energy
	Ethiopia urban NAMA (adaptation co-benefits)	7.40	2015-2020	AO10: Urban systems
Green Climate Fund (GCF)	Responding to the increasing risk of drought: Building gender-responsive resilience of the most vulnerable communities	45.00	2017-2022	AO2: Potable water; AO4
GCF Readiness & Preparatory Support Programme	Building capacity to facilitate integration of the NAP process	2.78	3 years (pipeline)	SP1; SP2; SP3: Finance
	Strategic framework support	0.88	2019-2021	
	NDA strengthening and country programming support	0.30	2015-2017	
Least Developed Countries Fund (LDCF)	Enhancing adaptive capacity of communities by up-scaling best practices and adopting an integrated approach	10.00	5 years (concept approved)	AO1; AO17: Adaptation technologies; SP1; SP2
	Climate change adaptation in the lowland ecosystems	6.50	5 years (concept approved)	AO1; SP2
	Strengthening climate information and early warning systems	5.50	2013-2020	AO16: Early warning systems; SP2
	Capacity-building program to comply with the Paris Agreement and implement its transparency requirements at the national level	1.28	2019-2023	SP1; SP2
	CCA growth: Implementing climate resilient and green economy plans in highland areas	6.98	2017-2022	AO1; AO3; AO16; SP1; SP2
	Promoting autonomous adaptation at the community level	5.93	2011-2016	AO1

	National adaptation programme of action	0.20	2003-2012	SP1
Special Climate Change Fund (SCCF)	Coping with drought and climate change	1.00	2006-2013	AO1

Note: The GEF and the LDCF provide support for regional projects for which Ethiopia is a beneficiary that are not included in this table. The GEF provides support for initiatives in Ethiopia to meet the objectives of other Multilateral Environmental Agreements that are not included in this table.

Source: See Annex 1 for sources of information.

GEF Trust Fund allocations for Ethiopia for 2018-2022 include USD 3.76 for climate change; USD 11.53 million for biodiversity, and USD 6.01 for land degradation (GEF, 2018b). The climate change funding focuses on the promotion of low-carbon technologies, with climate adaptation benefits derived from programs under the biodiversity and land degradation focal areas (GEF, 2018a). Project preparation for adaptation action should focus on 2022 and Ethiopia should work to align project directions with strategic directions emerging from the GEF Council. Available funds under the climate change focus area will likely be allocated to mitigation, meaning that adaptation objectives and activities should be included as part of biodiversity or land degradation programs for the short and medium term. A coordinated approach is required that includes EFCCC as the National Focal Point and the CRGE Facility as the national financial mechanism, working with relevant line ministries, such as MoA and MoWIE.

Ethiopia has successfully secured funds from the **Least Developed Countries Fund**, including USD 31,453,378 for six projects (two with concepts approved but implementation not underway) as of April 2020 (GEF, 2020). Continued access to LDCF resources requires consideration of the USD 50 million cap per country, with a USD 10 million cap for the 2018-2022 period. The LDCF is over-subscribed with many accepted projects remaining in the pipeline because of a lack of funding, including two approved for implementation in Ethiopia. This means that the period between technical clearance of project concepts and availability of funds can exceed two years. Ethiopia will need to consider identification of strategic projects to put forward for funding after 2022, as current approved projects in the pipeline exceed the cap for the 2018-2022 period. Project preparation grants can be secured to support project design and proposal development for the LDCF.

Ethiopia accessed USD 995,000 for a project on coping with drought and climate change from the **Special Climate Change Fund.** Adaptation is the focus of this fund that tends to channel support to countries that are not eligible for support under the LDCF, particularly small island developing states. Similar to the LDCF, this fund is over-subscribed; and is likely not an option to support the NAP-ETH process.

Of all the funds operating under the financial mechanism of the UNFCCC, the **Green Climate Fund** holds the most promise for large-scale funding for adaptation action in Ethiopia, considering its scale of funding and mandate to deliver half the funding for adaptation projects. Challenges are the complexity of the application process and the long timeframes for review and approval, although the Government of Ethiopia gained valuable experience in the development of the GCF-funded project, *Responding to the increasing risk of drought: Building gender-responsive resilience of the most vulnerable communities*, that was approved and began implementation in 2017. Accessing GCF funds for adaptation requires providing the “climate rationale” that sets out the causal connections between project actions and climate risks and vulnerabilities (requiring climate change information including risk and vulnerability assessments), as well as effective mainstreaming of gender perspectives in project design. The long timelines to develop and approve a GCF project can pose challenges for government planning processes. The timeline for the design and approval of the above mentioned GCF project exceeded 24 months.

GCF funding could be used strategically to address climate risks in the priority areas set out in the NAP-ETH that are aligned with the government's Home-grown Economic Reform Agenda and the Ten-Year Perspective Development Plan. **In the short term, the focus could be building on and scaling up successful adaptation projects that work to enhance food security and sustainable management of local resources.** In the short term, Ethiopia could prioritize projects with benefits at the local level valued up to USD 50 million because MoF is approved for direct access for small projects.

Short-term capacity building could emphasize building skills to develop adaptation projects, including design and proposal development, and to mainstream climate risk and adaptation considerations in the design phase of infrastructure projects. Another important short-term capacity need is M&E of adaptation projects; the ability to measure and report on adaptation benefits, and demonstrate value for money is critical to attracting both international and domestic public finance to address NAP-ETH priorities. Building the capacity to increase the limit for direct access, aiming to be approved to deliver medium-size projects up to USD 250 million, is an important medium-term goal for the CRGE Facility.

In the medium term, the government could take a strategic approach that places GCF financing in the context of wider development financing, including accessing GCF support for the priorities of the Ten-year Perspective Development Plan. The medium-term focus could also emphasize building climate resilience in infrastructure investments that are prioritized in the Perspective Development Plan. This could include the exploration of a fund that could be accessed to improve the resilience of infrastructure, including social infrastructure, and how the infrastructure impacts livelihoods and community resilience, informed by an understanding of the needs of women, men, girls and boys (EOD Resilience Resources, 2016). Initial work could analyze the costs and benefits of investing in resilient infrastructure in Ethiopia in areas of national priority to build support for the approach. Some studies suggest that resilient infrastructure can lead to benefits that are four times higher than the additional costs (EOD Resilience Resources, 2016).

The GCF also provides **readiness and preparatory support**. Ethiopia has on-going support for NDA readiness to 2021, and a three-year NAP planning initiative is likely to be approved in 2020. As such, in the short term, Ethiopia is not likely to access further readiness funds from the GCF. Preparation of a proposal for a readiness program to address gaps in programming and capacity needs could be considered for submission to the GCF to follow on the support program that ends in 2021. Ethiopia could consider direct access through the CRGE Facility for future readiness programs, or set time-bounds for intermediary organizations with milestones to work themselves out of a job (Soanes, Shakya, Walnycki & Green, 2019).

6.2.2 Multilateral funds

Various funds outside of the UNFCCC support adaptation, listed in Table 8. Some of the funds are climate-specific, while other support actions related to NAP-ETH adaptation options. Most of these funds provide grant support, although some support for renewable energy is provided through concessional loans.

The International Fund for Agricultural Development's (IFAD) **Adaptation for Smallholder Agriculture Programme (ASAP)** provided a USD 11 million grant to integrate climate risks into the IFAD-supported Participatory Small-scale Irrigation Development Programme II. The Climdev African

Special Fund managed by the AfDB provided USD one million to improve Ethiopia's climate information and early warning systems. The World Bank's **Biocarbon Fund** provided USD 18 million in grant funds for the Oromia Forested Landscape Program for mitigation purposes, and the project generated adaptation co-benefits. The **Africa Climate Change Fund** managed by the AfDB provides support for mainstreaming adaptation, project preparation and capacity building. Ethiopia has not accessed funding from this fund, which is currently not accepting new proposals.

Table 8: International public finance - Multilateral funds

Source of funding to support adaptation	Type of funding/ expenditure for adaptation	Strategic considerations	Alignment with NAP-ETH
Multilateral Development Funds Adaptation for smallholder Agricultures Programme (ASAP) Africa Climate Change Fund Biocarbon Fund Climate Investment Funds (CIF) Global Agriculture and Food Security Program (GAFSP)	Grants – dedicated climate finance funds and adaptation-related development finance. Technical Assistance – grant or non-financial assistance that supports capacity building, skills training, knowledge and information sharing, and the provision of expertise. Concessional loans – provision of public finance in the form of loans with no or low interest charges (grant component to the loan).	The funds are channeled through MDBs, with ASAP and GAFSP providing grant funding to integrate climate-related risks into on-going programming, such as IFAD's agricultural loan program and World Bank support to the AGP. CIF includes support for renewable energy through the Scaling up Renewable energy in Low income Countries Program (SREP). The Pilot Program for Climate Resilience provided technical assistance to integrate climate resilience into development planning.	SP1 – Mainstreaming AO1 – Food security and agricultural productivity AO3 – Natural resource management AO4 – Irrigation and water AO9 – Renewable energy

Ethiopia has received support through three funding windows of the Climate Investment Funds (CIF, 2020). The Pilot Program for Climate Resilience (PPCR) provided USD 1.5 million through the World Bank to support the development of MSIP that provided climate risk, vulnerability, and financial analysis to inform the development of the World Bank's Country Partnership Framework as well as the Lowland Livelihoods Resilience Program and Climate Action through Landscape Management Program. In regard to renewable energy (which is primarily mitigation, but often has adaptation co-benefits), the Dedicated Private Sector Program of the Clean Technology Fund (CTF) is providing USD 20 million for the AfDB to work in cooperation with the Commercial Bank of Ethiopia to finance off-grid renewable energy solutions. AfDB will provide a line of credit to the Commercial Bank of Ethiopia that will on-lend to private sector operators and microfinance institutions (MFIs) that will provide loans to end consumers and intermediaries in the supply chain. CTF is also providing a concessional loan of USD 10 million managed by the AfDB to support geothermal development. This complements a USD 24.5 million grant through the CTF's Scaling Up Renewable Energy Program to support geothermal development. The International Finance Corporation (IFC) has delivered small grants of USD 1.5 million for geothermal regulations and USD 1.6 million for capacity building for clean energy SMEs.

In the short term, EFCCC and MoF could work with IFAD to ensure that the planning of future initiatives includes grant funds for climate resilience through ASAP. In addition, EFCCC and MoF could engage in discussions with AfDB in regard to emerging climate change funds that could provide support for the NAP-ETH process.

6.2.3 Multilateral Development Banks

MDBs finance discrete adaptation projects and development projects that include adaptation components, in addition to managing climate funds and acting as implementing agencies for climate financing mechanisms under the UNFCCC. Four MDBs provide support for adaptation in Ethiopia, discussed in this section and summarize in Table 9.

Table 9: International public finance - Multilateral development banks

Source of funding to support adaptation	Type of funding/ expenditure for adaptation	Strategic considerations	Alignment with NAP-ETH
MDBs African Development Bank (AfDB) European Investment Bank (EIB) International Fund for Agricultural Development (IFAD) World Bank Group	Concessional loans – provision of public finance in the form of loans with no or low interest charges (grant component to the loan). Grants – dedicated climate finance funds and adaptation-related development finance. Technical Assistance – grant or non-financial assistance that supports capacity building, skills training, knowledge and information sharing, and the provision of expertise. Guarantees – support to transfer certain risks from investors or	MDBs pledged in 2017 to align their financial flows with the Paris Agreement, including adaptation and managing the physical climate risks of infrastructure development. MDBs tend to provide concessional loans for large projects. The average size of a World Bank projects, for example, is between USD 300 and 350 million. The World Bank is the largest provider of ODA in Ethiopia, and in early 2020 was implementing at least 15 large projects in areas aligned with NAP-ETH priorities. EIB and AfDB have financed infrastructure development. IFAD provides concessional loans for small-scale agriculture development. Technical assistance tends to be for project preparation or strategic reports, such as World	AfDB: AO2 – Potable water; AO9 – Renewable energy; and AO11 – Sustainable transport EIB: AO2 – Potable water and AO9 – Renewable energy IFAD: AO1 – Enhancing food security and agricultural productivity World Bank: support touches on all 18 NAP-ETH adaptation options

	national government to the public sector.	Bank support for CRGE strategy assessment and NDC updating.	

MDBs typically provide concessional loans to Ethiopia, but also provide grant funds for technical assistance. MDBs have become key delivery agents of finance for climate action and plan to increase financing, including for adaptation. MDBs pledged in 2017 to align their financial flows with the Paris Agreement including "managing physical climate change risks, in a manner consistent with climate-resilient development" and supporting "a significant increase in our clients' and their communities' ability to adapt to the adverse impacts of climate change (African Development Bank [AfDB], et al., 2018, pp. 1-2). In 2019, nine MDBs announced plans to increase collective global climate investments to at least USD 65 billion a year by 2025, with annual collective climate finance for adaptation doubling to USD 18 billion per year by 2025 (Asian Development Bank, et al., 2019).

The **World Bank** is the Ethiopia's largest provider of ODA and supports many initiatives that address NAP-ETH adaptation priorities. The Country Partnership Framework 2018-2022 is anchored in the GTP-II and aims to promote structural and economic transformation through improved agricultural productivity, and build resilience and inclusiveness (including gender equality) by improving safety nets, and enhancing management of natural resources and climate risks (World Bank, 2017). The World Bank has a large portfolio of projects that touches on most of the 18 NAP-ETH adaptation options, and includes adaptation-focused projects such as the Climate Action through Landscape Management Program for Results. The World Bank has committed to Paris Alignment in its operations and for 2021-2025 plans to double five-year investment to around USD 200 billion to support developing countries to take climate action, with a strong focus on increasing adaptation (World Bank, 2019a). **EFCCC is well positioned to work with the World Bank to identify and address climate risks and vulnerabilities in future programs to ensure that programming in Ethiopia is aligned with the Paris Agreement.**

The World Bank has provided technical assistance in the area of climate change to Ethiopia, including support for the MSIP and capacity building for sector ministries. The World Bank manages the NDC Support Facility that provided support for the CRGE strategy assessment and NDC update. The World Bank supports the Coalition of Finance Ministries for Climate Action that helps countries mobilize and align finance needed to implement national climate action plans and factor in climate risks and vulnerabilities in economic planning. Ethiopia could explore joining the Coalition to facilitate resource mobilization.

The **African Development Bank's** Country Strategy for 2016-2020 focused on green economic transformation, including infrastructure development for energy, transport, water and sanitation; and the promotion of economic governance in a manner that contributes to green growth and climate resilience goals. **The updating of the AfDB country strategy offers opportunity for the Government of Ethiopia to encourage increased attention to climate resilience.** The AfDB (2019) has committed to double climate finance commitments to USD 25 billion between 2020 and 2025, with about half going for adaptation. AfDB provides concessional loans for infrastructure development in Ethiopia, including in the water and sanitation sector, and there may be opportunity to increase funding to address climate risks in these investments.

The **International Fund for Agricultural Development** (IFAD) has provided concessional loans for smallholder agriculture development, with four ongoing in Ethiopia, including the Lowlands Livelihoods Resilience program and PASIDP II. IFAD's climate change strategy sets out a new approach to better integrate climate change through Country Strategic Opportunities Program, and the fund plans to invest at least 25 percent of loans and grants in climate-focused activities.

Strengthening resilience to climate change is a central element of Ethiopia's Country Strategic Opportunities Program, providing opportunities to align future IFAD investments to address NAP-ETH priorities, including the use of ASAP grants to build the climate resilience of smallholder farmers and pastoralists impacted by IFAD investments.

The **European Investment Bank** (EIB) has provided loans for off-grid solar acceleration and urban water supply. Similar to other MDBs, EIB has made climate action a top priority; offering opportunity to ensure that future investments are designed to address climate risk.

Multilateral (and bilateral, see below) agencies and banks rely on and are influenced by the priorities put forward by MoF and other ministries in identifying and developing programs and projects. **EFCCC can work to ensure that MoF (which aside from the CRGE Facility may lack knowledge of adaptation processes and climate risks) understands the opportunities and requests support for adaptation in discussions about potential investments with multilateral and bilateral partners.** The updating of country partnership frameworks, in particular, offers opportunity to highlight opportunities to include adaptation consideration in programming and investments. The NAP-ETH process can inform country strategies including the identification of climate risks, priority adaptation investments and opportunities to address climate risks in development finance investments.

Ensuring that adaptation priorities are consistent across strategies and plans could improve the messaging on adaptation priorities to potential funders as well as MoF, and guide funding decisions. The NAP-ETH needs to be a substantive input to the updating of the CRGE/NDC strategy, and the mainstreaming of the updated CRGE/NDC strategy into the Ten-year Prospective Development Plan and GTP-III.

6.2.4 Bilateral agencies

Ethiopia engaged with over 20 bilateral donors in 2018 in the area of climate change adaptation. The engagement ranged from small contributions of bilateral aid for projects where adaptation was addressed but not the main reason for the project (significant in the scoring systems for the Rio climate markers); to large projects in which adaptation was fundamental in the design of the projects (principal in regard to Rio markers).[17] An overview of the types of resources provided by bilateral agencies and implications for engagement are summarized in Table 10 and discussed in this section.

Data from the Development Assistance Committee of the OECD indicates that the largest donors for adaptation initiatives in Ethiopia in 2018 were:

- Norway with approximately USD 80 million for food security including sustainable forestry, social protection, and disaster risk management;
- Italy with about USD 19 million for water and sanitation;
- Czech Republic with approximately USD 12.5 million primarily for water and sanitation; and

[17] The Rio climate change markers are used to monitor and track development finance flows that target the objectives of the UNFCCC. An activity is considered adaptation if the project has an adaptation objective and the activity contains specific measures to address adaptation. An activity is marked as principal if adaptation is fundamental in the design of the project. An activity is marked as significant if adaptation is stated as an underlying motivation for the project and it has been designed or adjusted to meet adaptation concerns, but the project has other primary objectives (Development Assistance Committee, n.d.).

- United States with about USD 10 million for food security (OECD.Stat, 2020).

Several large bilateral partners, including the EU, UK, and Germany, supported sizable initiatives in 2018 where adaptation was significant, including the implementation of bilateral projects and the provision of funding for large government-led programs such as the PSNP and SLMP.[18] This support tends to be in the form of grants; although development finance institutions - such as Germany's development bank, KfW, France's Agence Française de Développement (AfD), and Norway's Norfund - provide equity, concessional and non-concessional loans, and guarantees.

Table 10: International public finance - Bilateral agencies

Source of funding to support adaptation	Type of funding/ expenditure for adaptation	Strategic considerations	Alignment with NAP-ETH
Bilateral Agencies Over 20 bilateral donors engage with Ethiopia in the area of climate adaptation. The largest bilateral donors include: European Union Germany Norway United Kingdom United States of America	Grants, including small grants and support to NGOs - dedicated climate finance funds and adaptation-related development finance. Technical Assistance – grant or non-financial assistance that supports capacity building, skills training, knowledge. Intermediated finance – financial support through mainly through intermediaries such as MFIs and development banks such as KfW and AFD.	Flexible funding source that offers opportunities to address adaptation. Dialogue with bilateral agencies can help to direct finance flows to adaptation gaps or where flows will be most catalytic. Germany, EU, Norway, and UK have climate finance programs. Bilateral agencies provide funding for adaptation-relevant programs delivered by specialized UN agencies including Food and Agriculture Organization, UNDP, UNICEF, and World Food Programme. Bilateral aid: - Can include support for the NAP process and addressing the NAP-ETH strategic priorities, - can be innovative, such as pilot projects to extend credit to small-	Bilateral donor support touches on all 18 NAP-ETH options, with an emphasis on: AO1 – Enhancing food security and agricultural productivity AO3 – Natural resource management AO4 – Irrigation and water AO6 – Ecosystem resilience AO7 – Forests AO8 – Social protection

[18] A cursory review of the DAC-OECD Rio marker data indicates inconsistency in the reporting of climate adaptation data across countries. For example, some, but not all, bilateral partners categorize their financial contributions to the PSNP and SLMP as adaptation. The difficulty of distinguishing between adaptation and development projects, and the differing views on what constitutes climate finance and how it should be measured are only some of the challenges in tracking finance for adaptation (UNFCCC Standing Committee on Finance, 2018). This is compounded by a lack of country-level data, making it difficult to develop an accurate picture of bilateral and multilateral finance flows for the NAP-ETH process.

		scale farmers working with the private sector, - Is often better able to reach the community level (through NGO support or smaller projects) than MDBs, and - Can work through the NGO community or through small grant programs at the community level.	

Bilateral agencies also support small projects, which are often better able to reach the community level, address gender considerations and meet the needs of the most vulnerable. The Governments of Canada, Ireland, Norway, United States, and others channel funding through NGOs and support small grant programs that provide funding for activities at the local and grassroots level that are delivered by NGOs and communities. NGOs play a critical role in public awareness raising and can mobilize the knowledge, finance, and labor of the local community (Ariti, van Vliet & Verurg, 2018). In addition, NGOs can be key players in delivering climate information services and building the capacity of local governments to deliver and use these services (Cochran & Singh, 2017).

Some bilateral agencies have **targeted climate funds** with adaptation windows that have provided funding for the NAP-ETH process, both development and implementation phases. These targeted funds tend to operate through calls for proposals, but also offer direct support for adaptation projects that are implemented by governments, research institutions, NGOs, and the private sector. Opportunities to support the NAP-ETH implementation include:

- *Germany's International Climate Initiative (IKI)* – Most IKI support for Ethiopia has been provided through multi-country programs, including an on-going five country project that is providing support to update Ethiopia's NDC, with an emphasis on mitigation. Countries and organizations can access funds through calls for proposals, with the next call likely to take place in early 2021. (The 2020 thematic call for proposals closed in April.) The IKI small grants offers opportunities for NGOs and not-for-profit entities to pursue adaptation priorities. See https://www.international-climate-initiative.com/en/about-the-iki/iki-funding-instrument

- *European Union's Global Climate Change Alliance Plus (GCCA+)* – The main channel for EU support to policy dialogue and targeted climate action in developing countries. Typically, concept notes need to be submitted before August for consideration for funding in the following year. The second phase of funding ends in 2020. See https://www.gcca.eu

- *Nordic Development Fund* that is supported by Denmark, Finland, Iceland, Norway, and Sweden – Provides grant financing for climate projects with the aim of facilitating climate change investments, with an emphasis on financing a component of a larger programme or project. See https://www.ndf.fi

EFCCC and MoF could engage in discussions with government representatives in Addis Ababa to determine priorities, timing, and the likelihood of being approved for support under these climate funds. The CRGE working group of the DAG may offer opportunity to discuss these and other funds.

In addition to targeted climate funds, bilateral agencies support adaptation through the implementation of bilateral projects and the provision of investment support to initiatives delivered by the government, other bilateral agencies, multilateral agencies, and specialized UN agencies.

Specialized UN agencies include the World Food Programme (WFP) that receives bilateral funding to deliver relief and development programs that aim to improve climate resilience among vulnerable groups. WFP supports the Government of Ethiopia on the PSNP, early warning and anticipatory action. it also manages specific programmes aimed at increasing resilience of smallholder farmers to weather index insurance and loans through its R4 Rural Resilience Initiative and Satellite Index Insurance for Pastoralists in Ethiopia (SIIPE) programmes (WFP, 2020). The Food and Agriculture Organization (FAO) receives funding from the EU to deliver programs that address impacts of climate change on livestock, and UNICEF has given priority to climate resilient responses in the OneWASH programme with funding from the UK (UNICEF, 2020, p. 9). UNDP was delivering 49 projects supported by 33 donors in 2020; with 10.8 percent of the USD 63 million in funding supporting SDG 13: climate action (UNDP, 2020). **EFCCC and MoF could engage with UN agencies to raise awareness of the NAP-ETH and promote integration of adaptation in programs.**

MoF engages in negotiations with bilateral donors to develop country programming frameworks and approve projects and investments**. EFCCC and MoF could work to ensure that adaptation is a priority in country partnership strategies**, which tend to be updated every five years. For example, the partnership strategies of the EU, Finland, Ireland, Norway and Sweden expire in 2019 and 2020, with governments seeking to update their strategies to be aligned with the Ten-Year Perspective Development Plan. This offers opportunity to engage with bilateral partners and use the NAP-ETH to guide adaptation mainstreaming in future programming.

The emphasis could first be placed on countries with large climate finance commitments and substantive bilateral programs, recognizing that considerable time and effort is required to engage substantively in such discussions. Initial focus could be on such countries as:

- *United Kingdom* – Ethiopia is a country of focus for the UK, and the Department for International Development's (DFID) bilateral support related to the NAP-ETH includes support for WASH systems and PSNP, including increasing climate resilience in these programs. The UK has committed to provide GBP 11.6 billion from 2021 to 2025 for climate action in developing countries, with about half going to adaptation (Gov.UK, 2019). The UK Government's International Climate Fund is the main avenue to deliver on international climate finance obligations and is used to mainstream climate change into the UK's development aid programming.

- *European Union* – EU development assistance averages about EUR 214 million per year; and from 2014 to 2020 has focused on sustainable agriculture and food security, health, and infrastructure. EUR 170 million in new funding was announced in December 2019 that aims to support economic reforms and health (European Commission, 2019). Adaptation is largely addressed through the GCCA+ that ends in 2020.

- *Germany* – Agriculture and food supply, and conservation and sustainable use of natural resources (biodiversity) have been priority areas of development cooperation with Ethiopia since 2017. Bilateral projects, many of which are delivered through GIZ, have focused on strengthened resilience to improve food security. Much of the technical assistance support for climate change has been delivered through IKI; and KfW (Germany's development bank) has provided support for SLMP and a project to improve the drought resilience of pastoralists.

- *Norway* – Support for climate change has focused mainly on mitigation through funding for Reducing Emissions from Deforestation and Forest Degradation Plus (REDD+). A REDD+ program ends in 2020; and Norway is updating its country strategy, which ends in 2020. While future support for climate change is expected to focus on large government-led programs, REDD+ and forestry, opportunities to scale up adaptation co-benefits could be explored.

- *United States* – Ethiopia's largest donor of bilateral aid supports many programs in adaptation-relevant areas, including health, disaster risk management, agriculture and livestock, and providing support for the PSNP. USAID/Ethiopia's 2019-2024 Country Development Cooperation Strategy aims to address challenges in the areas of democracy, demographics and disasters, and the strategy includes increasing resilience of vulnerable populations to key shocks (including climate) by addressing food insecurity, agriculture, water management, natural resource management, social protection, and diversifying livelihoods.

Other countries have framework programs that include support for programming in areas that address NAP-ETH priorities. Denmark supports participatory forest management under its 2018-2022 country program for Ethiopia. Italy's 2017-2019 country framework emphasised agro-industrial development and basic services. Finland's support set out in its 2016-2019 country strategy focused on rural development and agriculture, and clean water, recognizing the need for climate resilience to ensure the sustainability of water supply. Other bilateral donors include Austria, Canada, Czech Republic, France, Spain, Sweden, Switzerland, and others.

These donors and other development partners are members of the DAG, which could be used to identify opportunities to input to new country framework strategies, and to influence new investments that might be adjusted at the planning stages to better account for climate risks and to improve adaptation outcomes. Similarly, opportunities to address climate risk in new programming could be stressed by Ethiopia as an important element of new or updated country strategies.

Ethiopia receives support from non-OECD countries, often in sectors that are linked to actions set out in the NAP-ETH. China has been a provider of loans for infrastructure including in the energy and transport sectors. The Saudi Fund for Development signed loans agreements in December 2019 for USD 65 million for the OneWASH National Program and for USD 140 million for road construction (Arabian Business, 2019**). EFCCC and MoF could explore options to increase climate resilience in these funding streams.**

6.3 The private sector

Public investment is unlikely to provide the needed investments in adaptation, and there is growing interest in mobilizing private sector resources to help close the gap between adaptation needs and available finance (Parry, et al., 2017; Crawford & Church, 2019; Fayolle, et al., 2019). This section discusses the engagement of the private sector in financing adaptation, with a summary provided in Table 11.

Table 11: Private sector

Source of funding to support adaptation	Type of funding/ expenditure for adaptation	Strategic considerations	Alignment with NAP-ETH
Private Sector For profit entities that include enterprises investing in their businesses. Such as multinational corporations, commercial banks, MSMEs, smallholder farmers, and households); and financiers investing in adaptation actions, including commercial banks, MFIs and cooperatives.	Private investment flows that are specific to adaptation and resilience. Private finance is delivered through commercial instruments, namely equity and debt. Private finance can provide credit lines to local finance institutions, such as MFIs and cooperative. Investors may seek social and environmental outcomes as well as financial returns.	Private investment has increased for renewable energy in Ethiopia, encouraged by blending instruments, such as PPPs awarded in for solar generation projects, and World Bank provision of guarantee support to a solar independent power producer. Opportunities in the agricultural sector to increase small-scale farmers' access to credit; such as adding climate resilience components to programs that expand commercial bank, MFI and cooperative lending to farmers and businesses across the value chain. Many adaptation activities, such as flood prevention infrastructure and disaster risk management, do not have revenue streams and will not attract private investors.	AO1 – Enhancing food security and agricultural productivity AO9 – Renewable energy AO14 – Value chains AO15 – Insurance

The NAP-ETH implementation roadmap highlights the importance of the private sector in delivering the CRGE strategy, noting that the private sector is expected to make up 40 percent of the projected USD 5 billion of total investment per year by 2030 in the agriculture sector (FDRE, 2019c, p. 105). The CRGE Facility has developed a private sector engagement strategy (CRGE Facility Secretariat, 2016) and plans to update the strategy and take next steps to operationalize the strategy in regard to adaptation actions with the support of the GCF NAP readiness grant.

The Government of Ethiopia is working to foster private sector development, including streamlining business regulations, lifting restrictions on private sector participation in economic activities, and improving constraints to access to credit in the private sector. The GTP-II highlights the role of the domestic private sector in economic development (FDRE, 2016), and various funders are assisting the Government of Ethiopia to enhance the role of the private sector, including the World Bank, International Monetary Fund (IMF), and the Governments of the United States and Norway (World Bank, 2020). Ethiopia is working to improve the business and investment climate, including using domestic and international public finance to scale up private investment. Progress in this area is critical to scaled-up private sector engagement in adaptation action.

The private sector, for the most part, is for-profit; and includes enterprises investing in their businesses (including multinational corporations; commercial banks; micro, small and medium enterprises (MSMEs); smallholder farmers; and households) and financiers investing in adaptation actions (including commercial banks and MFIs). Most mobilized private capital in LDCs is concentrated in revenue-generating sectors, including energy, banking, financial services, industry, and construction (UNCTAD, 2019). In Ethiopia, actions to promote large-scale private sector investment in NAP-ETH-relevant sectors have focused on renewable energy; and action has been taken to scale up private investment in the forestry and agriculture sectors. Private sector investment is not feasible in the short term in the water market in Ethiopia because it is not well developed, the participation of the private sector is very weak in financing and service provision, and the scope for cost recovery is limited (Frade, 2019). **While there are opportunities for increased private finance to support the NAP-ETH, adaptation is likely to remain a largely public finance activity.** International public finance will continue to play a critical role to fill gaps where the private sector will not invest, including proactive adaptation for the vulnerable and non-market sectors (UNEP, 2018).

Private investment has increased for renewable energy, a NAP-ETH option with predominantly mitigation benefits. Blending instruments have encouraged this investment, including guarantees, which were the most used private sector instrument in LDCs from 2012 to 2017 (UNCTAD, 2019, p. 72). The World Bank (2020) provided guarantee support to a solar independent power producer, and the Government of Ethiopia is engaged in two solar energy Private-Public-Partnerships (PPPs) that were awarded in September 2019 that include investments of USD 300 million through a firm from Saudi Arabia (ACWA Power, 2019). The government has a pipeline of PPP projects that includes eight solar generation projects and five hydro power projects (World Bank, 2019a, p. 25). The Nordic Climate Facility (2019) provided early stage grant finance to test climate-relevant business concepts that enabled MFIs to provide loans for clean energy technologies to households and small enterprises. Learning from this private sector engagement in mitigation projects could inform the design of initiatives in the medium term to increase private investment in adaptation.

In addition to the renewable energy sector, increased efforts are needed to engage the private sector in adaptation action in the agriculture sector. The World Agroforestry Centre highlights that small-scale farmers, being the largest producers and actual day-to-day businesspersons, are the “real and hidden private sector that needs better recognition and nurturing” (Simons, 2014). **Increasing private sector investment to build climate resilience in the agriculture sector is of critical importance in Ethiopia where small-scale farmers produce 95 percent of total agricultural production** (World Bank, 2017, p. 39). Agriculture has been and will continue to be a key driver of rural growth, poverty reduction, employment, and food security. Yet, most businesses and households in Ethiopia lack access to long-term finance; only 35 percent of adults have a bank account and the banking system provides a limited range of traditional financial products and services, with virtually no uptake of mobile money or other fintech innovations (World Bank, 2019a, p. 35). Most commercial banks and MFIs in Ethiopia are unfamiliar with investments that increase climate resilience and the potential financial benefits of these investments.

Within the context of mobilizing resources to implement the NAP-ETH, a short to medium-term focus could be increasing small-scale farmers’ access to credit to make investments that enhance their own resilience and reduce their climate risks, with an emphasis on the unique needs of female farmers. Experience shows that increasing smallholder farmers’ resilience to climate change requires more than access to finance. Learning from projects in Kenya and Uganda emphasizes that effective loan programs that build climate resilience of smallholder farmers require capacity building and technical assistance for both farmers and MFIs to build knowledge of climate risks and appropriate adaptation actions. Other elements of success were ensuring access to markets; increasing adaptation awareness of MFIs, input providers, and aggregators; and addressing the unique needs of female farmers (Finance Innovation for Climate Change Fund, 2017; and Dazé & Dekens, 2016).

In the short term, EFCCC could work with development partners to explore adding a climate resilience component to ongoing programs that expand commercial bank, MFI, and cooperatives lending to farmers and businesses across the food supply chain to intensify agricultural production. Examples are the Feed the Future program that addresses barriers to private sector investment, and the USAID-Awash bank partnership that will make up to USD 6.4 million in financing available to MFIs and small- and medium-sized agricultural businesses (Beckman, 2019). In the medium term, efforts to increase access to credit for smallholder farmers to enhance climate resilience could focus on pilot projects in the high productive zones. One example is a revolving fund model that enables investment in a farmers cooperative or MFI for on-lending across a commodity value chain, supported by technical assistance (Finance Innovation for Climate Change Fund, 2017).

A challenge related to private sector support for adaptation is tracking this investment, including developing a reporting system that distinguishes adaptation finance from commercially motivated flows. Reporting on private sector investment could take place in the medium term to enable building on methodologies designed by development partners and learning from mitigation projects.

6.4 Private foundations

The Government of Ethiopia has also received support from private foundations, which are philanthropic organizations that are non-governmental and non-profit (see Table 12). Many of these private initiatives for the public good have been established by wealthy families. The Bill and Melinda Gates Foundation (2020) has an office in Addis Ababa and has provided funding for health, nutrition, and agricultural development, including working with the Ministry of Agriculture since 2006. The Children's Investment Fund Foundation (2019) signed an MOU with the Ethiopian Government in 2018 allowing the foundation to open an office in Addis Ababa. Their work focuses on children's health and nutrition. The Clinton Foundation (2014) has supported health initiatives and a climate initiative to map priority areas for forest restoration in Ethiopia. These three foundations prioritize climate change action, and **EFCCC and MoF could explore options to fund adaptation priorities through these and other foundations**, particularly the food security and health adaptation options.

Table 12: Private foundations

Source of funding to support adaptation	Type of funding/ expenditure for adaptation	Strategic considerations	Alignment with NAP-ETH
Private Foundations Private initiatives for the public good. These philanthropic organizations are non-governmental and non-profit. The larger foundations have been established by wealthy families.	Grants – provision of support in the form of cash, goods, or services for which no repayment is required	The Bill and Melinda Gates Foundation and the Children's Investment Fund Foundation both have offices in Addis Ababa; and both prioritize climate change in their programming. May offer opportunities to address adaptation in the agriculture and health sectors. The Bill and Melinda Gates Foundation has been active in Ethiopia since 2006, including working with MoA.	AO1 – Enhancing food and agricultural productivity AO5 – Health

7.0 ACTION PLAN

This section sets out short-term (2020-2022) and medium-term (2023-2030) actions that aim to improve resource mobilization efforts to implement the NAP-ETH. This strategy assumes that all adaptation actions implemented in Ethiopia deliver on the NAP-ETH. The Climate Change Planning, Implementation and Coordination Directorate will lead coordination, oversight, and measurement of the strategy.

Four main actions are listed below and elaborated in this section, including steps needed in the short and medium terms to deliver on the action:

1. Align adaptation resource mobilization efforts with national efforts;
2. Build the evidence base for adaptation project identification and development;
3. Continue to build capacity for resource mobilization for adaptation; and
4. Take steps to increase resource flows for adaptation through:
    - Domestic public finance,
    - International public finance,
    - Private sector investment, and
    - Private foundations.

The actions are summarized at the end of this section in Table 13. Annex 2 identifies the alignment between these actions to mobilize resources with priority actions set out in the NAP-ETH implementation roadmap and the NDC roadmap.

7.1 Align resource mobilization efforts

Resource mobilization efforts for the NAP-ETH should be aligned with broader efforts to mobilize resources for the priorities identified in the updated CRGE/NDC strategy, SDG implementation plan, Homegrown Economic Reform Agenda, Ten-Year Perspective Development Plan, and GTP-III. This could help to ensure that resources for adaptation reduce climate vulnerability and build adaptive capacity in areas of national development priority. Additionally, coherence between strategies and plans could improve communication on priority resource needs to potential funders, sectoral ministries, and regional and woreda governments.

Short-term actions

- **Focus short-term efforts to mobilize adaptation resources on priorities emerging from the national planning process as well as priority actions to recover from the Covid-19 pandemic**. Emerging national priorities are irrigation, agricultural-specific financial services, modernizing livestock production, and improved inputs and services to increase the productivity of smallholder farmers (Office of the Prime Minister, 2019, slide 13), which align with short-term needs for economic recovery in the agriculture sector. Building the climate resilience of smallholder and female farmers will be important in short-term programs to avert food shortages exacerbated by the Covid-19 pandemic.

- **Use the NAP-ETH, its implementation roadmap and associated tools to guide the updating of the CRGE strategy that will be a pillar in the Ten-Year Perspective Development Plan and GTP-III.** Support the mainstreaming of adaptation in the national plans. Ensure that adaptation priorities are consistent across strategies and plans to improve messaging to potential funders.

- **Use the analysis and actions in this NAP-ETH resource mobilization strategy as inputs to the NDC investment plan, SDG financing roadmap, and resource mobilization efforts for the Homegrown Economic Reform Agenda, Ten-Year Perspective Development Plan, and GTP-III**.

- **Review the national development and infrastructure priorities in the Ten-year Perspective Development Plan to identify initiatives, including flagship projects most at risk from climate change.** Provide support to the financial planning unit of the Planning and Development Commission to assess the climate vulnerabilities of these initiatives, and the costs and benefits of building climate resilience. Add value to the process to develop the national financing strategy for the pipeline of flagship projects by identifying possible sources of climate finance to assess and address climate vulnerabilities.

- **Develop concept notes, including costing information, for five priority adaptation actions that emerge from the mainstreaming of adaptation in the Ten-Year Perspective Development Plan.** Engage with the CRGE working group of the DAG in the selection of the five priority adaptation actions to help match government need with donor interest. Develop full proposals any actions that have potential funders.

Medium-term actions

- **Prioritize mobilizing resources for adaptation actions** that emphasize climate resilience improvements at the local level; including scaling up successful initiatives. Focus project preparation and development on adaptation projects/ interventions that positively impact economic and social development at the woreda and kebele levels.

- **Develop a coordinated approach to resource mobilization for adaptation and disaster risk management**, recognizing the role of woredas in helping communities build resilience to and cope with disasters and other risks, including those exacerbated by climate change.

- **Develop a proposal and seek financing for a national climate risk fund**, managed by the CRGE Facility, that could be drawn on to identify and address the physical impacts of climate change on infrastructure and development. The fund could be used to undertake technical assessments of climate risks and needed adjustments in project design; and to support the costs of building resilience to identified climate impacts.

7.2 Build the evidence base for adaptation project identification and development

EFCCC and MoF have undertaken considerable work to compile and analyze information on adaptation in Ethiopia, including the NAP-ETH, NAP-ETH gender strategy, CRGE assessment, and MSIP. Additional information is required for effective resource mobilization, including an understanding of adaptation finance flows, past expenditures, and the value of making adaptation investments. The process of accessing finance for adaptation, including project identification and proposal development, requires an understanding of climate risks and vulnerabilities, gender impacts, previous projects and initiatives and their impacts, and community needs.

Short-term actions

- **Improve tracking of and reporting on finance for adaptation with an initial focus on international finance,** building on the work of the MSIP and CRGE strategy assessment. Consider applying the MDB methodology for tracking adaptation finance to enable a more comprehensive understanding of international finance flows that address climate vulnerabilities.

- **Develop, and update on a regular basis, a database of current and planned initiatives that address adaptation and are in adaptation-relevant sectors**, building on the list of projects in Annex 1 and the information collected and collated during the development of the MSIP and CRGE assessment. This will help to identify the actions and amounts that have flowed to sectors and the subnational level; enabling understanding of the sectors and regions/ woredas/kebeles that have attracted climate finance. This will assist the government and potential donors to identify adaptation gaps and needs.

- **Compile and organize existing adaptation assessments and make publicly available. This includes climate risk predictions and vulnerability assessments, gender assessments and studies, and economic assessments.** This can include analysis undertaken by development partners, research institutions, civil society, and government. Often the assessments need to be extracted from other documents (such as the MSIP, project proposals, and donor analyses). These studies will serve as key inputs for the identification and design of adaptation measures and the development of concept notes and proposals.

- **Identify and compile information on best practices and lessons learned, drawing on domestic and international experience; and make publicly available.** This could include the identification of lessons learned in mainstreaming adaptation at the local level through a review of projects that aim to mainstream adaptation in planning and budgets at the woreda and kebele levels. These lessons could inform project design at the local level, including the rationale for action, successful interventions, transformational impact, and costs of interventions.

Medium-term actions

- **Improve tracking of domestic finance for adaptation**, including allocations for adaptation-relevant actions at the national, regional, and woreda levels; and allocations to in-kind contributions of adaptation projects.

- **Identify gaps in existing vulnerability and climate risks assessments, prioritize needs, and undertake additional assessment to meet fill gaps.**

- **Undertake an economic assessment of the costs and benefits of adaptation actions to strengthen the case for domestic public investments, continued international support, and private sector investment**.

- **Establish a robust M&E system** for the NAP-ETH process that enables reporting to all levels of government, development partners, CSOs, academia and the private sector. The M&E system should report on the adaptation outcomes of activities (such as number of households/smallholder farmers/individuals that have improved ability to cope with climate impacts, including sex-disaggregated data), and generate evidence to enable continued investment in initiatives with successful outcomes.

7.3 Continue to build capacity for resource mobilization for adaptation

Given the large amounts of funding required for the NAP-ETH process and the ability of the government to effectively absorb and program such large amounts (noting that similarly large amounts are also needed for mitigation), continued emphasis is needed on improving in-house institutional capacity to mobilize and manage finance for adaptation.

Short-term actions

- **Build in-house capacity to design projects and develop project concepts and proposals**. Emphasize adaptation projects that positively impact on economic and social development at the woreda and kebele levels, working with government officials and community members in the development of the projects. Focus on food security in the short term to address the impacts of the Covid-19 pandemic and the threat of drought in some regions.

- **Provide training to build the skills of technical staff to manage donor relationships,** including scoping and identification of sources of adaptation finance, understanding requirements to access funds, assessing donor requirements, establishing and maintaining relations with potential funders, and negotiating with donors and delivery partners.

- **Build technical capacity on climate adaptation finance tracking and M&E,** which provide evidence for project identification and development.

- **Continue to build capacity to mainstream climate adaptation in planning and budgeting at the regional and woreda levels** to enable the identification and programming of local actions that build adaptive capacity and address climate risks. This can include the use of the updated CRGE mainstreaming guidelines, and the incorporation of an adaptation component in Public Financial Management training and manuals.

- **Engage with service providers to identify potential funding and technical assistance for short-term adaptation actions,** including support for the resource mobilization process, compiling vulnerability assessments, and developing a climate finance tracking system. Discussions could be facilitated through the CRGE working group of the DAG.

- Improve government capacity across all levels to use participatory approaches that include vulnerable groups, including women and youth.

Medium-term actions

- **Continue building the capacity of the CRGE Facility, with the aim of attaining GCF approval for direct access to deliver medium-size projects up to USD 250 million**.

- **Directly access support through the CRGE Facility for a capacity building program** that addresses gaps in resource mobilization that remain after the GCF NAP support program concludes in 2023.

7.4 Take steps to increase resource flows for adaptation

International public finance will likely be the main source of adaptation finance in the short term (2020-2022) and should be directed toward the implementation of adaptation actions that have strong economic and social co-benefits, including action to address food security. Opportunities to allocate domestic funds to adaptation actions likely will be curtailed by economic recovery efforts following the Covid-19 pandemic. The success in engaging the private sector will be dependent on broader government efforts to improve the enabling environment.

Two short-term actions, set out below, support mobilization of resources from all of the different sources. The following sections present specific actions for the different sources of finance.

Short-term actions

- Raise awareness of adaptation policies, strategies and plans with regional governments, woredas and kebeles; the international community; private sector, and the public.

- Develop communication materials to assist with mobilizing resources from development partners and the private sector. Ensure that all documents are publicly available.

7.4.1 Domestic public finance

Mobilizing domestic resources for adaptation will be challenging in the short term as the government will use domestic spending to deal with the health and economic impacts of the Covid-19 pandemic. Actions in the short term can lay the groundwork to increase domestic finance for adaptation in the medium term.

Short-term actions

- **Build on ongoing capacity development initiatives at the regional and woreda levels to integrate climate risks in planning and identify ways to realign expenditures to improve adaptation outcomes.** Provide training at the regional and woreda levels on the use of climate information and identification of effective adaptation measures, such as conservation agriculture and improved rangeland management, to improve the likelihood of local expenditures addressing adaptation needs.

- **Improve coordination and communication between EFCCC, MoF, and sector ministries** in regard to identifying opportunities to address adaptation priorities in domestic budget processes, and to improve tracking of budget and resource allocations to adaptation projects supported with international public finance.

Medium-term actions

- **Assist sector ministries to identify opportunities for domestic budget allocations for adaptation**, drawing on the information on costs and benefits of adaptation, climate vulnerabilities and domestic finance tracking.

- **Develop a proposal for a woreda or community-level adaptation fund** that could be drawn on by woreda governments to support the mainstreaming of adaptation in the planning and implementation of local and community-level programs.

7.4.2 International public finance

International ODA directed toward adaptation could be reduced in the short term or directed toward actions that address the Covid-19 economic recovery. As such, external resource mobilization could focus on established financing streams earmarked for adaptation, such as the GCF and bilateral donors that have indicated a continued commitment to climate finance allocations. These bilateral donors include the United Kingdom, that in September 2019 announced a doubling of its investment in climate finance to assist developing countries (Gov.UK, 2019); and the European Union that has provided EUR 2 billion a year from 2014 to 2020 for climate-related actions in developing countries (European Union, 2020).

Short-term actions

- **Encourage a coordinated approach to development partner support** for implementation of the NAP-ETH through engagement with the CRGE working group of the DAG. Develop concept notes and proposals for priority adaptation actions that are identified through consultation with the DAG and discussions with development partners (consistent with Action A: Align resource mobilization efforts with national efforts).

- **Engage in the updating of MDB and bilateral donor country framework strategies using the NAP-ETH to guide the identification of adaptation actions.** This includes increasing awareness in MoF, which aside from the CRGE Facility may lack knowledge of the NAP-ETH. The partnership strategies of the EU, Finland, Ireland, Norway and Sweden expire in 2019 and 2020, with governments seeking to update their strategies to be aligned with the Ten-Year Perspective Development Plan.

- **Engage with UN specialized agencies and international NGOs that are skilled at accessing bilateral funds** to encourage the mainstreaming of adaptation in activities, and who are working with private sector partners (such as insurance companies) and can help reinforce the private sector engagement plan for NAP-ETH.

- **Focus adaptation resource mobilization efforts on the largest providers of climate finance and ODA**, recognizing that considerable time and effort is required to engage substantively in such discussions.

    - Engage with the EU to update the partnership strategy, and better identify opportunities for NAP-ETH support through the next phase of GCCA+.

    - Engage with the UK to identify short-term support in the lead-up to COP 26, and for medium-term priorities.

    - Engage with Germany to better understand opportunities to access support for adaptation through IKI.

    - Work with the World Bank to identify and address climate risks and vulnerabilities in future programs. Explore joining the Coalition of Finance Ministers to facilitate resource mobilization.

    - Engage with the AfDB to include NAP-ETH priorities in the updated country strategy, including addressing climate risk in infrastructure investments.

- In regard to UNFCCC funds:

    - **Prioritize projects for submission to the GCF valued up to USD 50 million to enable direct access**.

    - **Ensure that GEF-financed biodiversity and land degradation programs include objectives and activities that are supportive of NAP-ETH priorities.**

    - **Secure a project preparation grant to develop a project to access the LDCF in 2022**. The proposal should be guided by national development and NAP-ETH priorities.

    - **Access Adaptation Fund grants** to scale up and disseminate information about the Climate Smart Integrated Rural Development project; up to USD 100,000 and USD 150,000, respectively.

Medium-term actions

- **Take a strategic approach that places international adaptation finance in the context of wider development finance,** with an emphasis on adaptation actions that support the Ten-Year Perspective Development Plan.

- **Continue to engage with bilateral and multilateral partners as they update their country partnership strategies** to identify opportunities to support adaptation priorities, particularly in regard to projects at the community level, including projects delivered through NGOs.

- **Access international finance to undertake climate risk assessments and increase climate resilience in flagship infrastructure investments** that are prioritized in the Ten-Year Perspective Development Plan.

- Explore opportunities to address NAP-ETH priorities in investment programs provided by non-OECD countries.

7.4.3 Private sector

The Government of Ethiopia is working to foster private sector development, and progress in this area underlies any actions to scale up private sector engagement in adaptation. As such, most actions to increase private sector engagement take place in the medium term, with short term actions focused on the agricultural sector that is a key driver of rural economic growth and food security.

Short-term actions

- **Engage private sector representatives in the NAP-ETH process**, using avenues presented through the GCF-supported NAP readiness project.

- **Update the private sector engagement strategy** that was developed by the CRGE Facility in 2016. Identify options for the private sector to address risks and opportunities in addressing climate vulnerabilities, and include actions to scale up private investment in adaptation.

- **Develop a proposal for a pilot project that improves access to credit to improve the climate resilience of smallholder farmers**, including loans to farmers, input providers, and aggregators using a value chain approach.

Medium-term actions

- **Compile and share climate information that helps the private sector understand adaptation and how to address climate risks in business practices.** This is lined to activities to build the evidence base and can include information on climate risks and seasonal forecasts; best practices and lessons from previous initiatives that have engaged the private sector on adaptation; and peer learning exercises to bring together relevant actors.

- **Increase understanding of the role of the private sector in adaptation in Ethiopia by developing a database** of relevant initiatives and commercial ventures that emphasize building climate resilience (e.g., development and sale of drought resistant seeds). A first step to increase private sector investment is to understand the current situation and needs.

- **Develop a methodology and begin reporting on private sector investment** that supports implementation of the NAP-ETH.

- **Assess PPP activities** in the renewable energy sector for lessons to inform broader engagement of the private sector in the NAP-ETH process.

- **Operationalize the private sector engagement strategy**, with an emphasis on scaling up private investment in the agriculture sector.

- **Work with commercial banks/MFIs/farmers cooperatives to design a project** that provides credit lines and/or guarantees for loan programs for smallholder farmers.

7.4.4 Private foundations

Short-term action

- **Engage with the Bill and Melinda Gates Foundation and the Children's Investment Fund Foundation**, which have offices in Addis Ababa, to explore potential interest in supporting actions to implement the NAP-ETH, particularly action in the health sector.
-

Table 13: Action Plan: Short- and long-term actions to mobilize resources for adaptation

1. Align resource mobilization efforts Responsibility: EFCCC, MoF, Planning and Development Commission, relevant sector ministries
Short-term Actions (2020-2022) ▪ Focus short-term efforts to mobilize adaptation resources on priorities emerging from the national planning process as well as pressing actions to recover from the Covid-19 pandemic, including food security. ▪ Use the NAP-ETH, its implementation roadmap, and associated tools to guide the updating of the NDC and CRGE strategy that will be a pillar in the Ten-Year Perspective Development Plan and GTP-III. Ensure that adaptation priorities are consistent across strategies and plans to improve messaging to potential funders. ▪ Use the analysis and actions in this NAP-ETH resource mobilization strategy as inputs to the NDC investment plan, SDG financing roadmap, and resource mobilization efforts for the Homegrown Economic Reform Agenda, Ten-Year Perspective Development Plan, and GTP-III. ▪ Provide support to the financial planning unit of the Planning and Development Commission to assess the climate vulnerabilities of actions, identity priority actions and flagship projects most at risk from climate change, and estimate the costs and benefits of building climate resilience. ▪ Develop concept notes, including costing information, for five priority adaptation actions that emerge from the mainstreaming of adaptation in the Ten-Year Perspective Development Plan. Engage with the DAG in the selection of the five priority adaptation actions to help match government need with donor interest. Develop full proposals for actions that have potential funders. **Medium-term Actions (2023-2030)** ▪ Prioritize mobilizing resources for adaptation actions focused on the local level, including projects that positively impact economic and social development at the woreda and kebele levels. ▪ Develop a coordinated approach to resource mobilization for adaptation and disaster risk management. ▪ Provide support to the financial planning unit of the Ten-Year Perspective Development Plan to assess the climate vulnerabilities of actions, and the costs and benefits of building climate resilience.

- Develop a proposal and seek financing for a national climate risk fund managed by the CRGE Facility that could be drawn on to identify and address the physical impacts of climate change on infrastructure and development projects.

2. Build the evidence base for adaptation project identification and development

Responsibility: EFCCC, MoF, sector ministries, Regional governments

Short-term Actions (2020-2022)

- Improve tracking of and reporting on finance for adaptation, with an initial focus on international public finance.
- Develop, and update on a regular basis, a database of current and planned initiatives that address adaptation and are in adaptation-relevant sectors.
- Compile and organize existing climate risk, vulnerability, gender, and other adaptation assessments, and make publicly available. These documents provide key inputs for design of adaptation measures and proposal development.
- Identify and compile information on best practices and lessons learned, drawing on domestic and international experience; and make publicly available.

Medium-term Actions (2023-2030)

- Improve tracking of domestic finance for adaptation.
- Identify gaps in existing vulnerability and climate risks assessments, prioritize needs, and undertake additional assessment to meet priority needs.
- Undertake an economic assessment of the costs and benefits of adaptation actions.
- Establish a robust M&E system that enables assessment of the outcomes of adaptation action.

3. Continue to build capacity for resource mobilization for adaptation

Responsibility: MoF, EFCCC, sector ministries, Regional governments and Woredas

Short-term Actions (2020-2022)

- Build in-house capacity to design projects and develop project concepts and proposals; with an emphasis on adaptation interventions that positively impact on economic and social development at the woreda and kebele levels.
- Build in-house capacity to manage relationships with development partners, including identifying sources of adaptation finance, understanding donor requirements to access funds, establishing and maintaining relations with potential funders, and negotiating with donors and delivery partners.

- Build technical capacity on climate adaptation finance tracking and M&E.
- Develop capacity to mainstream adaptation in planning and budgeting at the sector, regional and woreda levels, building on the updated CRGE mainstreaming guidelines.
- Engage with service providers to identify potential funding and technical assistance to deliver on the NAP-ETH strategic priorities, including resource mobilization and tracking of climate finance.
- Improve government capacity across all levels to use participatory approaches that include vulnerable groups, including women and youth.

Medium-term Actions (2023-2030)

- Continue building the capacity of the CRGE Facility with the aim of attaining GCF approval for direct access to deliver medium-size projects up to USD 250 million.
- Develop a proposal to access funding for a capacity building program that addresses gaps in resource mobilization that remain after the GCF NAP support program concludes in 2023.

4. Take steps to increase resource flows for adaptation

Responsibility: MoF, EFCCC, sector ministries, Regional governments and Woredas

Short-term Actions (2020-2022)

- Raise awareness of adaptation policies, strategies, and plans with regions, zones, and woredas; the international community; the private sector; and the public.
- Develop communications materials and ensure that documents are publicly available.

Domestic Public Finance

- Improve coordination and communication between EFCCC, MoF, and sector ministries in regard to identifying opportunities to address adaptation priorities in budget processes.
- Build on ongoing capacity development initiatives at the regional and woreda levels to integrate climate risks in planning and identify ways to realign expenditures to improve adaptation outcomes.

International Public Finance

- Encourage a coordinated approach to development partner support for implementation of the NAP-ETH through engagement with the DAG. Develop concept notes and proposals for priority adaptation actions that are identified through consultation with the DAG and discussions with development partners.
- Engage in the updating of MDB and bilateral donor country framework strategies using the NAP-ETH to guide identification of adaptation actions. This includes increasing awareness in MoF, which aside from the CRGE Facility may lack knowledge of the NAP-ETH.
- Focus short-term engagement on the largest providers of climate finance and ODA – such as the European Union, Germany, Norway, United Kingdom, United States, World Bank and

African Development Bank – recognizing that considerable time and effort is required to engage substantively in such discussions.

- Engage with UN specialised agencies and international NGOs that are skilled at accessing bilateral funds to encourage the mainstreaming of adaptation in activities.
- In regard to UNFCCC funds:
  - Prioritize projects for submission to the GCF valued up to USD 50 million to enable direct access.
  - Ensure that GEF-financed biodiversity and land degradation programs are supportive of NAP-ETH priorities.
  - Secure a project preparation grant to develop a proposal for the LDCF in 2022 that is guided by the Ten-Year Perspective Development Plan and NAP-ETH priorities.
  - Access Adaptation Fund small grants to scale up and disseminate information about the *Climate Smart Integrated Rural Development Project*.

Private Sector

- Engage private sector representatives in the NAP-ETH process using avenues presented through the GCF-supported NAP readiness project.
- Update the private sector engagement strategy that was developed by the CRGE Facility in 2016.
- Develop a proposal for a pilot project that focuses on increased access to credit to improve the climate resilience of smallholder farmers, including loans to farmers, input providers, and aggregators using a value chain approach.

Private Foundations

- Engage with the Bill and Melinda Gates Foundation and the Children's Investment Fund Foundation, which have offices in Addis Ababa, to explore interest in supporting the NAP-ETH, particularly in the health sector.

Medium-term Actions (2023-2030)

Domestic Public Finance

- Assist sector ministries to identify opportunities for domestic budget allocations for adaptation.
- Develop a proposal for a woreda adaptation fund that could be drawn on to support the mainstreaming of adaptation in the planning and implementation of local and community-level programs.

International Public Finance

- Take a strategic approach that places adaptation financing in the context of wider development financing, with an emphasis on adaptation actions that support the Ten-Year Perspective Development Plan.
- Continue to engage with bilateral partners as they update their country partnerships strategies to identify opportunities to support adaptation priorities, particularly in regard to projects at the community level, including projects delivered through NGOs.
- Access international finance to undertake climate risk assessments and increase climate resilience in flagship infrastructure investments.
- Explore opportunities to address NAP-ETH priorities in investment programs provided by non-OECD countries.

Private Sector

- Operationalize the private sector engagement strategy, with an emphasis on scaling up private investment in the agriculture sector
- Compile and share climate information that helps the private sector understand adaptation and how to address climate risks in business practices.
- Increase understanding of the role of the private sector in adaptation in Ethiopia by developing a database of relevant initiatives and commercial ventures.
- Develop a methodology and begin reporting on private sector investment that supports implementation of the NAP-ETH.
- Assess PPP activities in the renewable energy sector for lessons to inform engagement of the private sector in the NAP-ETH process.
- Work with commercial banks, MFIs, and farmers cooperatives to develop a funding proposal for an initiative that establishes credit lines and/or guarantees for small loan programs for smallholder farmers.

Annex 1: Potential Sources of International Finance

Descriptions of potential funders/investors for the NAP-ETH adaptation options and priorities are included in the table below. The MSIP includes a comprehensive list of adaptation projects (FDRE, 2017), and the CRGE assessment includes a list of climate change relevant projects implemented between 2011 and 2019 (Pegasys, 2020). The identification of adaptation-relevant projects included in this table is informed by EFCCC's *List of projects financed by Bilateral and Multilateral agencies in Ethiopia.*

Strategic Focus	Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
Climate Change Funds under the financial mechanism of the UNFCCC				
Adaptation Fund - https://www.adaptation-fund.org/ NAP-ETH priorities that could be addressed: 1 – Food security; 3 – Natural resource management; 4 – Water harvesting and retention; 6 – Ecosystems and biodiversity; 7 – Forest management; 10 – Urban systems; 16 – Early warning systems; SP2 – Building capacity				
Supports the adaptation goals of the Paris Agreement. Fund can be accessed by countries particularly vulnerable to climate change including countries with arid and semi-arid area and areas susceptible to floods, drought and desertification. Provides small grants to help countries seeking	Supports concrete adaptation activities that reduce the adverse effects of climate change. Funding decisions consider: ▪ Level of vulnerability. ▪ Level of urgency.	USD 10 million funding cap per country, although regional projects do not impact the country cap. Project Formulation Assistance Grant - Up to USD 20,000 per project (typically after a project concept has been endorsed by the Board).	Ethiopia is not eligible to access the Adaptation Fund until 2021, after completion of current project. Uses a direct access modality that allows accredited national institutions in developing countries to access funding and manage projects directly. Applications are submitted through the EFCCC as the National Designated Authority	▪ Climate Smart Integrated Rural Development Project; Grant: USD 9.99 million; 2017-2021 ▪ Agricultural Climate Resilience Enhancement Initiative (ACREI) – Regional (Ethiopia, Kenya and Uganda); USD 6.8 million; 2018-2021

Strategic Focus	Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
accreditation with the fund, and to build capacity for climate finance readiness.	▪ Access to fund in balanced and equitable manner. ▪ Capturing of lessons learned. ▪ Securing regional co-benefits. ▪ Maximizing multi-sectoral or cross-sectoral benefits. ▪ Adaptive capacity to adverse effects of climate change.	Project Scale-up Grant – Up to USD 100,000 per project. Innovation Grant – to encourage and accelerate adaptation innovations. Up to USD 250,000. Learning Grant – to capture, study and disseminate practical lesson from adaptation interventions supported through the Adaptation Fund. Up to USD 150,000.	(NDA). MoF acting through the CRGE Facility is a National Implementing Entity (NIE). Second call for proposals for innovation grants to be launched in 2020.	
Global Environment Facility (GEF) – https://www.thegef.org/topics/climate-change-adaptation; https://www.thegef.org/sites/default/files/council-meeting-documents/GEF-7%20Resource%20Allocation%20and%20Targets%20-%20GEF_R.7_22.pdf; https://www.thegef.org/sites/default/files/publications/GEF-C.55-Inf.03-GEF-7-STAR.pdf NAP-ETH priorities that could be addressed: 1 – Food security; 3 – Natural resource management; 4 – Water harvesting and retention; 6 – Ecosystems and biodiversity; 7 – Forest management; 9 – Renewable energy; 10 – Urban systems; 16 – Early warning systems; SP1 – Mainstreaming adaptation; SP2 – Building capacity				
Priorities under the seventh replenishment of the GEF (GEF-7, 2018-2022):	The GEF-7 Climate Change Focal Area Strategy aims to support developing countries to	Grant funding is provided through four modalities:	UNDP is the implementing agency for the majority of	▪ Enhanced Management and Enforcement of Ethiopia's Protected Areas Estate (Biodiversity focal area); Grant:

Strategic Focus	Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
1. Strategically focusing its investments to catalyze transformational change in key systems that are driving major environmental loss, in particular energy, cities and food. 2. Prioritizing integrated projects and programs that address more than one global environmental problem at a time. 3. Implementing new strategies and policies to enhance results, including stronger engagement with the private sector, indigenous peoples, and civil society, and an increased focus on gender equality. The GEF administers the SCCF and LDCF. CBIT initiatives are funded under the LDCF.	make transformational shifts towards low emission and climate-resilient development pathways. GEF-7 climate change initiatives are focused on mitigation. Adaptation goals are pursued through the LDCF and SCF. The goal of the GEF-7 Adaptation strategy is to strengthen resilience and reduce vulnerability to the adverse impacts of climate change in developing countries and support their efforts to enhance adaptive capacity. GEF-7 promotes integrated programming whereby the GEF's climate impact would increasingly be derived from programming in other focal areas, such as	▪ Full-sized Project**:** GEF Project Financing of more than two million US dollars. ▪ Medium-sized Project**:** GEF Project Financing of less than or equivalent to two million US dollars. ▪ Enabling Activity**:** support for the preparation of a plan, strategy, or report to fulfill commitments under a Convention. ▪ Program**:** longer-term and strategic arrangement of individual yet interlinked projects that aim at achieving large-scale impacts on the global environment. GEF Small Grants – direct grants to CSOs and NGOs to a maximum of USD 50,000 per project, but average around USD $20,000. Direct access of up to USD 500,000 to prepare national	initiatives supported through GEF funds in Ethiopia. Funds have some flexibility. For example, UNDP programs provide human resources to EFCCC, including in 2020, the assignment of three experts to the resource mobilization department to support the development of project proposals. GEF-7 country allocations for Ethiopia total USD 21.3 million and include: USD 3.76 million for climate change, USD 11.53 million for biodiversity, and 6.01 for land degradation. Ethiopia has been a beneficiary of 30 regional GEF climate change projects, including ongoing projects in SLM, sustainable transport, and cogeneration: and proposed projects on food systems, mini-grids technology needs assessments, and resilience for food security.	7,294,495; PPG: 100,000; GEF Agency fees: 656,504; 2017-2023 ▪ Food-IAP: integrated Landscape Management to Enhance Food Security and Ecosystem Resilience (Biodiversity and land degradation focal areas); Grant: USD 10,239,450, GEF agency fees: USD 921,550; 2017-2021 ▪ Mainstreaming Incentives for Biodiversity Conservation in the CRGE Strategy (biodiversity focal area); Grant: USD 3,316.455, PPG: USD 89,938, Agency fee: USD 315,063; 2015-2020 ▪ Promoting Sustainable Rural Energy Technologies for Household and Productive Uses; Grant: USD 4,091,781, PPG: USD 100,000, Agency Fee: USD 388,719; 2015-2020 ▪ Ethiopia Urban NAMA (adaptation co-benefits); Grant: USD 6,667,123, PPG: USD

Strategic Focus	Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
The GEF emphasizes complementarity with other climate finance providers, such as the GCF.	Biodiversity and Land Degradation.	communication report to the UNFCCC.		100,000, Agency fee: USD 633,377; 2015-2020 ▪ *In preparation/pipeline*: GEF Child project under FOLUR-Preventing Forest loss, Promoting Restoration and Integrating Sustainability into Ethiopia's Coffee Value Chains and Food Systems Project; Grant: USD 22,173,000; 2021-2028 ▪ *In preparation/pipeline*: GEF-7 Child Project under the GEF Africa Minigrids Program; USD 3,150,000 ▪ *Closed:* Sustainable Land Management II; Grant USD 12,962,963, Agency fee: USD 1,037,037; 2013-2019 ▪ *Closed*: SIP- Community-based intergrade natural resources management in Lake Tana Watershed (land degradation focal area); Grant USD 4,400,000, PPG: 350,000; 2004-2019

Strategic Focus	Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
				▪ *Closed:* Climate Change Enabling Activity; USD 100,000; 2002-2012 ▪ *Closed:* Renewable Energy Project; Grant: USD 4,930,000, PPG: USD 280,000, Agency fee: USD 507,000; 2005-2012 ▪ *Closed:* First National Communication; USD 213,210; 1997-1999
Green Climate Fund - https://www.greenclimate.fund/ NAP-ETH priorities that could be addressed: 1 – Food security; 2 – Potable water; 3 – Natural resource management; 4 – Water harvesting and retention systems; 5 – Human health; 6 – Ecosystems and biodiversity; 7 – Forests; 8 – Social protection; 10 – Urban; 11 – Transport; 14 – Value chains and marketing; 15 – Insurance; 16 – Early warning systems				
Supports the goals of the Paris Agreement. Objective – to promote a paradigm shift in low emission and climate resilient development.	Increasing climate-resilient sustainable development (adaptation) for: ▪ Enhanced livelihoods of the most vulnerable people, communities, and regions;	Concessional loans and grants. Micro – less than USD 10 million. Small – USD 10 million to 50 million.	Funding proposals and submissions must provide the “climate rationale” of the project. This rationale should clarify the causal connections between the proposed activity and the context-specific climate risks, impacts and vulnerabilities (Green Climate Fund, 2018a). The climate rationale should be bolstered	▪ Responding to the increasing risk of drought: Building gender-responsive resilience of the most vulnerable communities; USD 50 million; 2017-2022

Strategic Focus	Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
Aims for a 50/50 allocation between adaptation and mitigation. Aims to allocate 50% of adaptation funding to LDCs. Interested in making investments of significant scale and impact.	▪ Increased health and well-being, and food and water security; ▪ Resilient infrastructure and built environment to climate change threats; and ▪ Resilient ecosystems.	Medium – USD 50 million to 250 million. Large – greater than USD 250 million.	by climate change information, including vulnerability and risk assessments. Gender perspectives are mainstreamed as an essential decision-making element for the deployment of resources.	
Green Climate Fund Readiness and Preparatory Support Program - https://www.greenclimate.fund/readiness NAP-ETH priorities that could be addressed: SP2 – Capacity building; SP3 – Climate finance; SP5 – Knowledge management				
Objective - to enhance country ownership and access to GCF. 50% of readiness support available goes to vulnerable countries, including LDCs.	Strengthens institutional capacities of NDAs and Direct Access Entities. Assists with adaptation planning and developing strategic frameworks to build programming with the GCF.	Grants or technical assistance. Up to USD 1 million per year to strengthen an NDA to deliver on the GCF's requirements. Up to USD 100,000 can be used for NDA-led stakeholder meetings. Up to USD 3 million per country for formulation of	Single application process for all readiness funding. Submission for NAP readiness funding under consideration by GCF.	▪ Strategic Frameworks Support for Ethiopia; USD 827,203; 2019-2021 ▪ *Pipeline:* Building capacity to facilitate integration of the NAP process; USD 2,776,921; 3 years ▪ *Closed:* NDA Strengthening and Country Programming support for Ethiopia; USD 300,000; 2015-2017

Strategic Focus	Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
		NAPs and adaptation planning processes. Provision of capacity building for national or regional Direct Access Entities that are seeking accreditation and are nominated by local NDAs.		
Least Developed Countries Fund - https://www.thegef.org/topics/least-developed-countries-fund-ldcf; https://www.thegef.org/country/ethiopia; https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.LDCF_.SCCF_.24.03_Programming_Strategy_and_Operational_Policy_2.pdf NAP-ETH priorities that could be addressed: 1 – Food security; 2 – Potable water; 3 – Natural resource management; 4 – Water harvesting and retention systems; 5 – Human health; 6 – Ecosystems and biodiversity; 16 – Early warning systems; SP1 – Mainstreaming; SP2 - Building				
Addresses the needs of 48 LDCS that are particularly vulnerable to the adverse effects of climate change. Provides grant financing to	Includes a mandate to finance the preparation and implementation of NAPs; and to support the formulation of NAPs. The	Grant funding for small, medium or large projects (as defined by GEF).	The fund is over-subscribed with many accepted projects remaining in the pipeline because of a lack of funding. Ethiopia is close to the LDCF	▪ Strengthening Climate Information and Early Warning Systems; Grant: USD 4,900,000, PPG: USD 100,000,

Strategic Focus	Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
implement urgent adaptation measures. Strategic prioritization of projects for GEF-7 includes: ▪ Alignment with needs and priorities identified in national plans, such as NAPs. ▪ Alignment with priorities in the GEF programming strategy on Adaptation to Climate Change, such as opportunities to foster innovation and investments for technology transfer. ▪ Opportunism to leverage support. Level of LDCF resources previously accessed by the country.	GEF-7 strategy emphasizes three objectives for the LDCF (And SCCF): ▪ Reduce vulnerability and increase resilience through innovation and technology transfer for adaptation. ▪ Mainstream adaptation and resilience for systemic impact. ▪ Foster enabling conditions for effective and integrated adaptation, including support for the development of NAPs. GEF support for NAPs will require that the countries requesting support will need to provide information on support for NAPs provided by the GCF and how the two are complementary. GEF	Finance is available for project preparation. CBIT grants to build capacity for the transparency requirements of the Paris Agreement are managed through the LDCF.	cap of USD 50 million on the amount of funding individual countries may receive over the fund's lifetime. If the pipeline projects proceed, Ethiopia will have accessed at least USD 36 million, including reaching the USD 10 million cap per country for GEF-7 (2018-2022). See UNDP is the implementing agency for most projects in Ethiopia. The period between technical clearance of project concepts and availability of funds has exceeded 24 months for some projects.	Agency fee: USD 490,000; 2013-2020 ▪ CCA Growth: Implementing Climate Resilient and Green Economy plans in highland areas in Ethiopia; Grant: USD 6,277,000, PPG: 100,000, Agency fees: 596,315; 2017 – 2022 ▪ Capacity-building Program to Comply with the Paris Agreement and Implement its Transparency Requirements at the National Level; Grant USD 1,166,000, Agency fee: 110,770;2019-2023 ▪ *Pipeline (concept approved)*: Enhancing adaptive capacity of communities by up-scaling best practices and adopting an integrated approach; Grant: USD 8,932,420, PPG: USD 200,000, Agency Fee: USD 848,580 + 19,000 ▪ *Pipeline (concept approved)*: Climate Change Adaptation in the Lowland Ecosystems; USD

Strategic Focus	Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
	support for NAPs will focus on implementation.			5,836,073, PPG: 100,000, Agency fee: 554,427; 5 years ▪ *Closed:* Promoting Autonomous Adaptation at the community level; USD 5,301,885, PPG: 101,500, Agency Fee: 530,799; 2011-2016 ▪ *Closed:* National Adaptation Programme of Action; USD 200,000; 2003-201
Special Climate Change Fund - https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.LDCF_.SCCF_.24.03_Programming_Strategy_and_Operational_Policy_2.pdf NAP-ETH priorities that could be addressed: 1 – Food security; 3 – Natural resource management; 4 – Water harvesting and retention systems				
Supports adaptation and technology transfer in developing countries, supporting both long-term and short-term adaptation activities in water resources management, land management, agriculture, health, infrastructure development, fragile ecosystems including mountainous ecosystems,	Adaptation is the top priority. Projects are to be country-driven and have the potential to make transformational contributions for adaptation. The priorities and programs under GEF-7 are:	Grant funding for small, medium or large projects (as defined by GEF). Finance is available for project preparation. The SCCF will drive innovation with the private sector through both grant and non-grant instruments	The fund is over-subscribed with many accepted projects remaining in the pipeline because of a lack of funding. The project but must focus on “additional costs” imposed by climate change on the development baseline. Funding is only provided to address impacts of climate change in addition to basic	▪ *Closed:* Coping with Drought and Climate Change; USD 995,000; 2006-2013

Strategic Focus	Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
and integrated coastal zone management. SCCF supports LDCs and SIDS that are not LDCs. The SCCF is intended to catalyse and leverage additional finance from bilateral and multilateral sources.	▪ Reduce vulnerability and increase resilience through innovation and technology transfer – Challenge Program for Adaptation Innovation. ▪ Mainstream adaptation and resilience for systematic impact ▪ Foster enabling conditions for adaptation – support for enabling activities that respond to COP guidance.	on a fully flexible and case-by-case basis.	development needs in vulnerable socio-economic sectors. Projects are only considered to be approved after a Project Identification Form that shows that the project meets certain criteria has been produced and then approved by the council. Projects are considered to be nationally owned.	

Strategic Focus	Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Projects in Ethiopia
Multilateral Climate Adaptation Funds				
Adaptation for Smallholder Agriculture Program (ASAP) – https://www.ifad.org/en/asap NAP-ETH priorities that could be addressed: 1 – Food security; 2 – Potable water; 3 – Natural resource management; 4 – Water harvesting and retention systems; 6 – Ecosystems and biodiversity; 7 – Forests; 14 – Value chains and marketing; 15 – Insurance				
ASAP is IFAD's programme to channel climate and environmental finance to smallholder farmers. ASAP funds activities that focus on: ▪ Policy engagement ▪ Climate risk assessment ▪ Women's empowerment ▪ Private sector engagement ▪ Climate services ▪ Natural resources management and governance ▪ Knowledge management	ASAP ensures that approaches for addressing climate-related risks are integrated into all of IFAD's portfolio of loans and grants.	Grants	The program is incorporated in IFAD's regular investment process. Ensure that approaches for addressing climate-related risks are integrated in IFAD's loans and grants	▪ ASAP Trust Fund Grant contribution to Participatory Small-scale Irrigation Development Programme II; USD 11 million; 2016-2024
Climate Investment Funds - https://www.climateinvestmentfunds.org NAP-ETH priorities that could be addressed: 1 – Food security; 3 – Natural resource management; 4 – Water harvesting and retention systems; 6 – Ecosystems and biodiversity; 7 – Forests; 9 – Renewable Energy				

Supports the scaling up of mitigation and adaptation action in developing and middle-income countries. The CIF's large-scale, low-cost, long-term financing lowers the risk and cost of climate financing in developing and middle-income countries. The CIF is comprised of 4 projects: Clean Technology Fund, Pilot Program for Climate Resilience (PPCR), Scaling Up Renewable Energy in Low Income Countries Program (SREP), and Forest Investment Program.	The PPCR assists developing countries to integrate climate resilience into development planning.	Grants, highly concessional loans and risk mitigation instruments. Average investment approximately USD 16 million.	Works with MDBs as implementing agencies.	▪ Development of Multi-sector Investment Plan (MSIP) / Strategic Plan for Climate Resilience; Grant: USD 1.5 million; 2017 ▪ Dedicated Private Sector Program of the CTF; Line of credit: USD 20 million; 2020 ▪ Geothermal development; Concessional loan: USD 10 million; 2020 ▪ SREP – Geothermal development; Grant: USD 24.5 million ▪ Geothermal regulations and capacity building; Grant: 3.1 million
Global Agriculture and Food Security Program - https://www.gafspfund.org NAP-ETH priorities that could be addressed: 1 – Food security; 3 – Natural resource management; 4 – Water harvesting and retention systems; 14 – Value chains				
Incentivizes countries to prioritize strategic, smart, and effective agriculture and food policies and projects.	The support to the AGP-II is considered climate change support.	Grants to low-income country governments; blended finance and concessional funding to improve livelihoods of	Funds are channeled through multilateral agencies. Access to funding is facilitated by delivery agents of on-going initiative, such as	▪ AGP-II; USD 30 million ▪ Working with Smallholder in Ethiopia to Create a Market for Quality Meat (private sector

The World Bank is the trustee and hosts the coordination unit.		smallholder farmers and small-scale grants to producer organizations	the World Bank, FAO and IFC	window delivered with IFC); 2019-2023 ▪ *Closed:* AGP-I
Nordic Development Fund - https://www.ndf.fi/projects NAP-ETH priorities that could be addressed: 1 – Food security; 3 – Natural resource management; 9 – Renewable energy; 11 – Urban systems; 15 – Insurance				
The Nordic Development Fund (NDF) is the joint development finance institution of the five Nordic countries i.e. Denmark, Finland, Iceland, Norway and Sweden. NDF was established in November 1988 and commenced operations in February 1989. The objective of NDF's operations is to facilitate climate change investments, primarily in low-income countries.	The operations mirror the Nordic countries' priorities in the areas of climate change and development. The Nordic Climate Facility is a challenge fund to finance early stage climate change projects.	Grants, loans, equity and any combination of these as financing instruments.	NDF finances projects usually in cooperation with bilateral, multilateral and other development institutions. It supports several regional projects that may provide benefits to Ethiopia.	No current projects in Ethiopia ▪ *Closed*: clean energy promotion through micro finance; energy efficient cooking, demand side management for adaptation, ethanol for household cooking.
Multilateral Development Banks				
African Development Bank - https://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/africa-climate-change-fund				

NAP-ETH priorities that could be addressed: 1 – Food security; 2 – Water; 3 – Natural resource management; 4 – Water harvesting and retention; 6 – Ecosystems and biodiversity; 7 – Forest management; 8 – Building social protection and livelihood options; 9 – renewable energy; 10 – urban systems; 11 – Transport				
Implementing agency of CIF, GEF and GCF. The overarching objective of AfDB is to spur sustainable economic development and social progress in its regional member countries (RMCs), thus contributing to poverty reduction. The AfDB has undertaken a number of initiatives to support African countries to strengthen climate resilience and enable a transition to low-carbon, green growth. Its strategy for the period 2013 – 2022 emphasises the twin goals of inclusive growth and a transition towards green growth.	AfDB aims to double climate finance commitments to USD 25 billion between 2020-2025, with about 50 percent going for adaptation. The Africa Climate Change Fund managed by the AfDB provides support for mainstreaming adaptation, project preparation and capacity building. Ethiopia has not accessed funding from this fund, but it is currently not accepting new proposals.	Concessional loans, grants The African Development Fund provides highly concessional loans for basic services.	The current Country Strategy paper "Promoting Green Economic Transformation, 2016-2020" promoted 2016-2020 seeks to promote adaptation and mitigation. This will be re-negotiated and offer opportunity to increase adaptation activities in line with AfDB commitments to Paris Alignment, as well as align with the 2020-2030 Perspective Development Plan	▪ Drought Resilience and Sustainable livelihoods Program; USD 92.83 million; 2019-2023 ▪ Strengthening climate information and early warning systems for climate resilient development and adaptation (under Climdev African Special Fund); USD 1 million; 2018-2020 ▪ Four Towns Water Supply and Sanitation Improvement Program in Ethiopia; Credit: USD 76.11 million; 2016-2020 ▪ OneWASH AFDB's African Development Fund and Rural Water Supply and Sanitation Initiative provided USD 178 million ▪ African Water Facility support to a sanitation value chain demonstration project; USD 3 million ▪ Technologies for African Agriculture Transformation programme supporting drought

				tolerant seeds for wheat production ▪ *Closed:* water supply and sanitation, enhancing water security
European Investment Bank (EIB) - https://www.eib.org/en/products/index.htm NAP-ETH priorities that could be addressed: 2 – Water; 9 – Renewable energy; 10 – Urban systems				
Invests in projects in over 160 countries by providing lending and advisory expertise. EIB support acts as a catalyst to mobilise private finance by encouraging other public and private investors to match our long-term investment.	Takes action to preserve natural resources and protect the environment for future generations.	Loans, investment in equity and funds, guarantees and credit enhancement, advisory services and assisting clients with blending.	Typically supports infrastructure projects offering opportunity to consider addressing climate risk in these investments.	▪ Off-grid solar acceleration; Credit: €4,028,694; 2018 ▪ *Closed:* Urban water supply programme; Credit: €4,028,694 complemented with technical assistance; 2015

International Fund for Agriculture (IFAD) - https://www.ifad.org/en/web/operations/country/id/ethiopia; https://www.ifad.org/documents/38714170/41461663/CAR2019.pdf/be4aae01-c82c-9a75-eaed-9707db3fac5d NAP-ETH priorities that could be addressed: 1 – Food security; 3 – Natural resource management; 4 – Water harvesting and retention; 6 – Ecosystems and biodiversity; 7 – Forest management; 8 – Building social protection and livelihood options; 14 – Developing efficient value chain and marketing systems				
Small holder agriculture development with focus on the inclusive and sustainable transformation of rural areas. Three strategic objectives: ▪ increasing the productive capacity of poor rural people ▪ increasing their benefits from market participation ▪ strengthening the environmental sustainability and climate resilience of their economic activities. Target group in Ethiopia comprises poor women and men, with an emphasis on youth IFAD to invest at least 25% of loans and grants in "climate-focused" activities.	All programming undergoes climate risk screening and all projects are climate. The Climate Adaptation in Rural Development resilience identifies the most vulnerable value chains and estimates the impacts of climate change on yields. The Adaptation Framework is used to identify feasible adaptation options. Key adaptation investments include capacity building, infrastructure, financial services, and R&D Strategy and Action Plan on Environment and Climate Change, 2019-2025 – sets out a new approach to better integrate climate change	Highly concessional loans that support programmes that provide smallholder farmers, pastoralists and agro pastoralists with the assets needed to enhance their productivity and resilience. Loans help beneficiaries gain access to natural resources, technology, finance, institutional capacity and markets. Grant technical assistance includes implementation support and technical analyses	The current IFAD Ethiopia Country strategy opportunities programme was developed in 2016; likely need for updating/renewal in 2021. Opportunity to ensure that new strategy is aligned with adaptation and mitigation priorities identified in the 2020 CRGE/NDC. Protecting and rehabilitating environmental productivity and strengthening resilience to climate change are central elements of Ethiopia's COSOP. Investments are aligned with the CRGE Strategy for the reduction of carbon dioxide emissions. Focus on food insecure areas and poorest communities. Program in Ethiopia has two main objectives:	▪ Lowlands Livelihood Resilience Project; USD90,000,000; 2019-2025 ▪ Rural Financial Intermediation Programme III; USD 39,900,000; 2019-2025 ▪ Participatory Small-scale Irrigation Development Programme II; USD 114,500,000; 2016-2024 ▪ Rural Financial Intermediation Programme I; USD 100,060,000; 2011-2020 ▪ *16 closed projects* – 1980 to 2019 ranging from USD 7.37 million to USD 128.94 million

	through country strategic opportunities programme (COSOP) design that includes integrating NDCs		▪ improved resilience and productivity of ecosystems and livelihoods through improved management of natural resources, particularly water; ▪ expanded linkages with the private sector to ensure increased and sustained access to markets, finance and agricultural technology.	
World Bank Group – https://www.worldbank.org/en/country/ethiopia NAP-ETH priorities that could be addressed: 1 – Food security; 2 – Potable water 3 – Natural resource management; 4 – Water harvesting and retention; 5 – Health; 6 – Ecosystems and biodiversity; 7 – Forest management; 8 – Building social protection and livelihood options; 9 – Renewable energy; 10 – Urban systems; 11 – Transport; 12 – Industry; 14 – Developing efficient value chain and marketing systems; 15 – Insurance; 16 - Early warning systems; SP1 – Mainstreaming; SP2 – Building capacity; SP3 – Financial mechanisms				
World Bank Group includes the International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Cooperation (IFC) and Multilateral Guaranteed Agency (MIGA). IBRD and IDA form the World Bank that provided financing, technical assistance and policy advice to	The World Bank Group climate change action plan on adaptation and resilience aims to boost adaptation climate finance to reach USD 50 billion over FY21-25 and pilot new approaches to scale up private finance for adaptation and resilience; help countries mainstream adaptation by systematically managing	Small grants – technical assistance, advisory services Grants Concessionary loans Guarantees MIGA has provided equity and shareholder loans in	The World Bank is the largest provider of ODA in Ethiopia; and provides supports for adaptation-related activities as well as a large portfolio of projects that supports economic transformation including private sector development, electrification including the national grid, and infrastructure development.	▪ One WASH- Consolidated Water Supply, Sanitation and hygiene Account Project; Credit: USD 300,000,00 of which USD 65,000,000 for climate resilient WASH; 2019-2025 ▪ Climate Action through Landscape management program for results; Grant: USD 50,000,000; 2019-2024

development countries. IDA focuses on the poorest countries. The World Bank is the implementing agency of CIF, GEF and GCF; and trustee of GEF, CIF and GAFSP. Supports country's poverty reduction strategies to reduce poverty and promote shared prosperity.	and incorporating climate risks and opportunities in policy planning, investment design, implementation and evaluation; and develop a new rating system to improve global progress on adaptation and resilience, and promote public and private sector investments in adaptation.	geothermal and guarantees t to agri-industrial companies. IFC works with GAFSP on a risk share facility for coffee processors, and provides advisory services including for geothermal and tourism sectors.	The Ethiopia WBG Country Program Framework 2018-2022 supports GTP-II; and building resilience and inclusiveness is one of three strategic priorities. The World Bank's 2016 Systematic Country Diagnostic prioritizes climate action for poverty in Ethiopia. This, combined with the World Bank Group's commitment to the five voluntary principles for mainstreaming climate action (alignment with the Paris Agreement), means that adaptation will be increasingly considered in investments and program planning and delivery.	▪ Lowlands Livelihoods Resilience Project; Credit: USD 175,000,000; Grant: USD 175,000,000; IFAD: 90 million; 2019-2025 ▪ Renewable Energy Guarantees Program; USD 10,000,000 (guarantee); 2019-2025 ▪ Ethiopia Resilient Landscapes and Livelihoods Project; Credit; USD 100,000,000; USD 30,000,000 grant; USD 10,000,000 from Government of Norway through Multi Donor Trust Fund; 2018-2024 ▪ Urban institutional and Infrastructure Development Program (includes DRM and risk assessments); Credit USD 227,000,000; Grant: 273,000,000; France: USD 10,800,000; 2018-2023 ▪ Livestock and Fisheries Development project; Credit: USD 170,000,000; 2017-2024 ▪ Rural Productive Safety Net Program; Grant: USD 600,000,000; 2017-2020

				▪ Second Urban Water Supply and Sanitation Project; Credit: USD 445,000,000; 2017-2023 ▪ Oromia National Regional State Forest Landscape Project; Grant: 18,000,000; 2017-2022 ▪ Off-grid renewable energy; Grant: USD 6,000,000; 2016-2025 ▪ Urban Productive Safety Net Project; Credit: USD 300,000,000; 2015-2021 ▪ Productive Safety Nets Project 4; Credit: USD 600,000,000 + 108,000,000 + 100,000,000; 2014-2020 ▪ Second Agricultural Growth Project; USD 350,000,000 + Grant: USD 30 million from GAFSP focused on climate change; 2015-2020 ▪ Ethiopia Geothermal Sector Development; USD 178,500,000; USD 24,500,000 from Strategic Climate Fund (grant); 2014-2020 ▪ Regional Pastoral Livelihoods Resilience Project; Credit: USD

				122,000,000 + USD 75,000,000; 2014-2021 ▪ Ethiopia WASH project; Credit: USD 205,000,000; 2014-2020 ▪ *Closed – series of projects addressing agriculture, irrigation, disaster risk monument, infrastructure, health, social safety nets, etc.*

Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
Bilateral Partners			
Austria - https://www.entwicklung.at/fileadmin/user_upload/Dokumente/Publikationen/Landesstrategien/CS_Ethiopia_2019-2025.pdf NAP-ETH priorities that could be addressed: 1 – Food security; 2 – Potable water; 3 – Natural resource management			
Country strategy runs from 2019 to 2025. Thematic areas are Strengthening of resilience of vulnerable households	Indicative budget allocation to Ethiopia for 2019-2025 is EUR 100 million, with 60% allocated to	Austria provides a significant amount of support through NGOs	▪ Coffee Alliances for Ethiopia Phase 2; EUR 500,000; 2019-2023

Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
against crises and climate induced shocks, as well as Inclusive governance to foster equal access to basic services. An overall focus is placed on women empowerment and their active and effective participation. Geographic focus on Amhara Region.	strengthening resilience of vulnerable households. Offers various funding modalities and supports projects implemented by Austrian CSOs in cooperation with local partner organisations, or local partner organisations.	(international and local) and CSOs	▪ Support to livelihoods of drought affected households and resilience building (managed by UNDP); EUR 3,000,000; 2017-2020 ▪ SWEEP – Water for food security, women's empowerment and environmental protection; EUR 2,881,000; 2017-2020 ▪ *Closed* – CRGE Fast Track Investment: EUR 680,000; 2014-2016
Canada – https://www.international.gc.ca/world-monde/issues_development-enjeux_developpement/priorities-priorites/where-ou/ethiopia-ethiopie.aspx?lang=eng; https://w05.international.gc.ca/projectbrowser-banqueprojets/filter-filtre NAP-ETH priorities that could be addressed: 1 – Food security; 3 – Natural resource management; 4 – soil water harvesting and retention; 8 – Social protection			
Ethiopia is one of the largest recipients of Canada's international assistance (about 198.15 million in 2017-2018), which focuses on sexual and reproductive health, food security, agricultural production, social safety nets, gender equality and women's empowerment, inclusive governance, and environment and climate change.	Adaptation-related initiatives include support for the PSNP, small-scale irrigation schemes and rehabilitation of degraded lands though soil and water conservation, and humanitarian assistance in drought-affected regions.	Many projects currently underway end in 2020 or 2021, suggesting opportunity to engage on the identification and design of new projects, offering opportunity to align with NAP-ETH.	▪ Capacity Development for Agricultural Growth; CAD 15,000,000; 2016-2021 ▪ Rural Social Projection: PSNP; CAD 125,000,000, 2016-2021 ▪ Emergency Water, Sanitation, Hygiene and Shelter Assistance; CAD 2,900,000; 2019-2020

Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
			▪ Scale up of Conservation Agriculture; CAD 14,250,000; 2015-2020 ▪ Support to Phase II of AGP; CAD 20,000,000; 2016-2020 ▪ Seeds of Survival; CAD 15,249,059; 2015-2020
Denmark - https://etiopien.um.dk/en/danida-en/ NAP-ETH priorities that could be addressed: 7 - Forests; 8 – Social protection and livelihood options			
The objective of Danish Country Programme for Ethiopia, 2018-2022 is to contribute to inclusive, sustainable growth and improved governance in Ethiopia by supporting the vision of building a Climate Resilient Green Economy and reaching lower middle-income status by 2025.	The total budget of the country program is DKK 995 million. The four thematic areas and their budgets are: 1) Agricultural Commercialisation Clusters – DKK 350 million; 2) Coherence between humanitarian responses and development cooperation – DKK 450 million; 3) Climate resilient forest livelihoods – DKK 45 million; and 4) Governance and human rights – DKK 40 million.	The CRGE Facility manages the contribution for climate resilient forest management.	▪ Enhancement of Community Livelihoods and Participatory Forest Management in the Kaffa Biosphere Reserve DKK 45 million, 2018-2022 ▪ PSNP: 2014-2020 ▪ *Closed:* Strategic Climate institutions Programme, 2012-2016; CRGE Fast Track Investments

Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
European Union - https://ec.europa.eu/international-partnerships/where-we-work/ethiopia_enhttps://eeas.europa.eu/delegations/ethiopia_en/1187/EU%20Projects%20with%20Ethiopia NAP-ETH priorities that could be addressed: 1 – Food security; 2 – Potable water; 3 – Natural resource management; 8 – Social protection and livelihood options			
The EU's priorities for EU-Ethiopia relations for the period 2014 to 2020 are, inter alia, to support vulnerable populations, reducing root causes of conflict and forced displacement in Ethiopia, by building resilience, sustainable livelihoods, climate change adaptation and mitigation, as well as by backing Ethiopia's role as a host of refugees and its development of a comprehensive migration management system. The majority of EU development funding to Ethiopia is financed by the European Development Fund (EDF) with the objectives of increasing resilience, accompanying reforms and promoting sustained agriculture and economic growth. The value of EU development assistance to Ethiopia has averaged EUR 214 million per year.	*Global Climate Change Alliance +* (GCCA+) is the main channel for EU to support targeted climate action in developing countries. It has a strong focus on LDCs, and priority areas are: ▪ Mainstream climate change into national development strategies ▪ Increase resilience. ▪ Support the formulation and implementation of adaptation and mitigation strategies.	The GCCA+ program ends in 2020, discussion to learn about next phase and opportunities for Ethiopia. Applications to the GCCA+ require endorsement of EU delegation. EU-Ethiopia priorities were established for 2014-2020 in the National Indicative Programme. The new plan may offer opportunities to increase support for adaptation.	▪ Sustainable agriculture including in AGP, PSNP and SLMP; EUR 252 million; 2015-2020 - Including GCCA+/Climate Smart Mainstreaming into the PSNP IV, 2018-2022 ▪ Resilience Building and Creation of Economic Opportunities in Ethiopia (RESET II), EUR 48.362 million, 2016 ▪ Regional Development and Protection Programme; EUR 30 million; 2016 ▪ Building Resilience to Impacts of El Niño through Integrated Complementary Actions to the EU) RESET Plus; EUR 22.5 million; 2016 ▪ Climate Change Sector Reform Performance Contract (mitigation in

Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
			forestry sector, with significant adaptation co-benefits); EUR 36,000,000; 2018 ▪ Shire Alliance: Energy Access for Host Communities and Refugees in Ethiopia; EUR 3 million; 2018 ▪ Decentralization of Disaster Risk Management EUR 33.5 million; 2018 ▪ Stability and socio-economic development for vulnerable and marginalized communities in the Tigray region; EUR 6 million; 2019 ▪ Beekeepers Economic Empowerment through long-Term Investments in Entrepreneurship and Value chain in Ethiopia (BEE-LIEVE); EUR 4.546 million; 2017-2022 ▪ Closed - Ethiopia Global Climate Change Alliance (GCCA-E): Building national capacity and knowledge on climate change resilient actions
Finland - https://finlandabroad.fi/web/eth/finland-s-development-cooperation-in-country NAP-ETH priorities that could be addressed: 1 – Food security; 2 – Potable water 3 – Natural resource management			

Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
Focus of projects are rural development, clean water and latrines, and education for children	Finland supports the Nordic Development Fund that provides financing for climate change Grants	Country strategy from 2016-2019	▪ Responsible and Innovative Land Management Project, EUR 7.1 million, 2017-2021 ▪ Programme for Agro-Business Industrial Growth in Amhara Region, EUR 9.4 million, 2017-2021 ▪ Third Phase of COWASH, EUR 14.5 million, 2016-2020
France - https://www.afd.fr/en/page-region-pays/ethiopia NAP-ETH priorities that could be addressed: 1 – Food security; 2 – Potable water; 9 – Renewable energy; 10- Urban systems; 11 – Sustainable transport			
The Agence Française de Développement Group (AFD) contributes to Ethiopia's economic, urban and energy transitions. It supports programs in the energy, water and urban development sectors.	Grants, sovereign and no-sovereign loans, bank guarantees to facilitate access to finance. AfD has committed EUR 525,000,000 to programs in Ethiopia since 1997.	Supports infrastructure projects including bus rapid transit, rehabilitating landfills, elasticity supply including renewables, water and sanitation.	▪ Geothermal in Afar; Concessional loan: EUR 9,000,000; grant: 7,500,000; 2015- ▪ Five country program providing grant funds to build the resilience of fragile communities; EUR 1,500,000; 2018-2021.
Germany - https://www.bmz.de/en/countries_regions/subsahara/aethiopien/index.jsp; https://www.international-climate-initiative.com/en/projects; https://www.giz.de/en/worldwide/336.html; https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Local-presence/Subsahara-Africa/Ethiopia/			

Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
NAP-ETH priorities that could be addressed: 1 – Food security; 2 – Potable water 3 – Natural resource management; 4 – Water harvesting and retention; 7 – Forest management; 8 – Building social protection and livelihood options; SP1 – Mainstreaming; SP2 – Building capacity; SP3 – Financial mechanisms; SP5 – R&D			
German development cooperation with Ethiopia currently focuses on three priority areas: ▪ Labour-market-oriented education and training ▪ Sustainable land management, agriculture and food supply ▪ Biodiversity Germany, with other donors, supported the Homegrown Economic Reform strategy; and concluded a reform partnership with Ethiopia in November 2019. KfW Development Bank finances, advises and supports development projects. GIZ is a service provider in the field of international cooperation. The main commission party is the German Federal Ministry of Economic Cooperation and Development; but GIZ delivers projects for	Germany's International Climate initiative (IKI) supports adaptation, mitigation, REDD+ and biological diversity. In 2017, Germany's ODA commitments for Ethiopia for 2018 and 2019 were EUR 215.6 million. KfW 2019 commitments include EUR 33,000,000 for agriculture, forestry and fisheries including SLM and drought resilience in lowlands.	Most IKI support is through multi-country programs where amounts to Ethiopia are not clearly identified. GIZ works on behalf of German government and others to deliver projects in Ethiopia. KfW projects contribute to strengthening the preparedness and resilience of pastoralist communities to drought.	▪ IKI: Tracking and strengthening climate action (CRGE sectoral implementation roadmaps/NDC updating in Ethiopia); USD 13,700,000 in 5 countries; 2016-2021 *Closed IKI projects – support for forestry, green growth/green economy including development of CRGE* ▪ Improving food security and catastrophe risk management for strengthen the resilience in Afar; EUR 5.5 million; 2016-2021 ▪ Strengthening Drought Resilience in Afar and Somali Regions of Ethiopia, 2016-2021 ▪ Climate Resilience Enhancement in the Ethiopian Lowlands, 2016-2021 ▪ Improved food security through transitional aid for resilience, Afar, 2016-2021

Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
other institutions including the EU, United Nations and the private sector.			▪ Capacity Development for Strengthening Drought Resilience in the Lowlands of Ethiopia, 2019-2022 ▪ SLMP, 2018-2020 ▪ Sustainable Land Use for Economic Development, 2017-2020
Italy - https://www.adaptation-fund.org/new-project-ethiopia-funded-italy-replicates-model-adaptation-fund-financed-project-country/ NAP-ETH priorities that could be addressed: 1 – Food security			
Italy's programming responds to national priorities and is implemented in close coordination with other development partners.	The 2017-19 country programme allocated EUR 98,900,000 to Ethiopia delivered through grants and concessional loans.	Agreed to a development cooperation agenda in March 2020 focused on health and vocational training program.	▪ Climate Smart Integrated Rural Development Project in the Pastoralist Areas of Ethiopia; USD 4.25 million; 2018-2022 ▪ AGP, 2016-2020
Ireland - https://www.irishaid.ie/what-we-do/countries-where-we-work/ NAP-ETH priorities that could be addressed: 1 – Food security; 3 – Natural resource management; 8 – Social protection			

Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
The Country strategy program has one outcome focusing on the health, nutrition and resilience of poor households to economic, social and environmental shocks. There are two objectives: (1) to improve the abilities of poor rural households to respond and adapt to the effects of climate change and other shocks; and (2) to improve the nutrition and health of poor rural women and children.	Grant funding	The Irish Aid country strategy program was developed for 2014 - 2018 and extended to the end of 2019. The development of a new country strategy may offer opportunity to scale up funding for NAP-ETH priorities.	▪ PSNP; EUR 60 million; 2014-2019 ▪ Climate smart rural livelihoods; EUR 16.25 million; 2015-2019
Japan - https://www.jica.go.jp/ethiopia/english/ NAP-ETH priorities that could be addressed: 1 – Food security; 3 – Natural resource management; 15 – Insurance			
ICA's cooperation in Ethiopia is primarily focused on 1) agriculture and rural development, 2) industrial promotion, 3) infrastructure development and 4) education.	JICA provides bilateral aid in the form of Technical Cooperation, Japanese ODA Loans and Grant Aid.		▪ Index-based Crop Insurance Promotion Project for Rural Resilience Enhancement Project, USD 6.5 million, 2019-2024 ▪ The Project for Smallholder Horticulture Farmer Empowerment Through Promotion of Market-Oriented Agriculture, USD 4,885,726, 2017-2022

Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
			▪ Development of Next-Generation Sustainable Land Management Framework, USD 5,276,000, 2017-2022 ▪ Improved water supply in Bahir Dar City; USD 18,360,000; 2018-2022
Norway - https://www.norway.no/en/ethiopia/values-priorities/climate-env/ NAP-ETH priorities that could be addressed: 1 – Food security; 3 – Natural resource management; 7 – Forests; 9 – Renewable energy			
Norway's climate change programming in Ethiopia supports three pillars: ▪ Climate smart agriculture ▪ Renewable energy ▪ Forestry/REDD+ Forestry work is focused on REDD+ / mitigation to help Ethiopia achieve the CRGE goals. Norway provides up to 3 billion NOK per year for the International Climate and Forest Initiative (NICFI) that helps to save the world's tropical forests. The fourth call	Provides grant funds. Provides funding through the Development Fund Norway and Norwegian Church Aid to partner with local organization to reduce poverty and increase food security. Institutional cooperaAction tion between Ethiopian and Norwegian universities on adaptation and climate smart agriculture.	Norway is developing a long-term framework. Current project for REDD is ending and any extensions could consider adaptation co-benefits. Large portion of support for forestry sector with emphasis on REDD+/mitigation, which has adaptation co-benefits. The Climate Adaptation and Rural Development project that provided support for small	▪ Involving communities to strengthen forest management; NOK 25 million; 2016-2020 ▪ REDD+ Investment Plan reduced Deforestation and Forest Degradation; USD 1.6 million; 2017-2020 ▪ REDD+ Investment Plan Afforestation and Reforestation; USD 37.78 million; 2017-2020 ▪ REDD+ Investment Plan Forest Sector Transformation Unit; USD 17.11 million; 2017-2020

Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
for proposals for the grant scheme took place in May 2020.		projects to civil society ended in 2019. May inquire about results and if positive, requesting similar program.	▪ Institutional Strengthening for Forest Sector Development Program; USD 14.4 million; 2015-2020 ▪ SLMP II; NOK 305 million over five years ▪ *Closed projects* - Energy+, REDD+ Participatory Forest Management, Strategic Climate institutions Programme
South Korea - http://www.odakorea.go.kr/ez.main.ODAEngMain.do NAP-ETH priorities that could be addressed: 1 – Food security; AO7- Forests; AO9- Renewable energy; AO11 – Sustainable transport			
Support under the current partnership strategy focuses on strengthening the health sector, provide access to and quality of water and sanitation, promoting rural develop, enhancing education opportunities, and building energy and transport infrastructure.	Grant funding.	The Country partnership strategy 2016-2020 is expiring. May offer opportunity to increase interest and support for adaptation actions.	▪ *Planned:* Unlocking the Potential of Ethiopia's Bamboo Forests; USD 7.7 million
Sweden - https://www.government.se/country-and-regional-strategies/2016/04/strategy-for-swedens-development-cooperation-with-ethiopia-20162020/ NAP-ETH priorities that could be addressed: 1 – Food security; 3 – Natural resource management; 4 – Water harvesting and retention; 7 – Forestry			
The Swedish International Development Agency (SIDA) aims to contribute to a better environment, limited climate impact	SEK 1,000 million committed to 2016-2020 strategy	Current strategy for development cooperation (2016-2020)	▪ Integrated approach to improving rural livelihoods, empowering communities and

Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
and enhanced resilience to climate change, as well as improved opportunities for poor people to make use of their rights.	Projects that strengthen management of natural resources and ecosystems service will help to increase resilience to climate change.	up for renewal. May offer opportunity for integrating adaptation.	partners (PSMP), USD 5.6 million, 2014-2020 ▪ Institutional Strengthening for the Forest Sector Development; USD 15,610,000; 2015-2020
Switzerland - https://www.eda.admin.ch/deza/en/home/countries/horn-africa.html NAP-ETH priorities that could be addressed: 1 – Food security; 3 – Natural resource management; 4 – Water harvesting and retention			
Switzerland has a Horn of Africa strategy that focuses on governance, food security, health and migration.			▪ Strengthening Drought Resilience of the Pastoral and Agro-pastoral Populations in the Lowlands of Ethiopia (Somali Region), 2015-2026, CHF 17,600,000 ▪
United Kingdom - https://devtracker.dfid.gov.uk/countries/ET?_ga=2.215211924.223930160.1587409553-907652617.1584033398; https://www.theguardian.com/environment/2020/feb/27/finance-holds-climate-key-but-poor-countries-fear-missing-out NAP-ETH priorities that could be addressed: 1 – Food security; 2 – Water; 3 – Natural resource management; 4 – Water harvesting and retention; 8 – Building social protection and livelihood options			
Four aims of the UK aid strategy: ▪ strengthening global peace, security and governance	The International Climate Fund (ICF) delivers in the national interest. DFID provides grant funds to build resilience of the poorest people and	Ethiopia is a country of focus for the UK Government to stimulate	▪ Land Investment for Transformation; 2016-2020 ▪ PSNP 4; GBP 301,200,000; 2014-2020

Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
▪ strengthening resilience and response to crises ▪ promoting global prosperity ▪ tackling extreme poverty and helping the world's most vulnerable The UK's vision is that by 2020 Ethiopia is transforming into a stable, industrialised, resilient, more inclusive country, able to self-finance its way out of poverty and harness the potential of its youth. DFID will contribute to this through a portfolio of programmes which aim to significantly raise standards in education, family planning, water and sanitation.	communities," and does so through adaptation, disaster risk management, and humanitarian assistance. The UK will provide £11.6 billion over the period from 2021 to 2025 to help poor countries cut carbon and cope with the impacts of climate breakdown.	far greater trade and investment. The UK is one of the largest providers of climate finance. ICF funds are often used to build climate resilience in ODA-supported programs. UK aid supports more than 3.8 million people in drought affected areas in Ethiopia, while helping communities become more resilient withstand future crises.	▪ Building Resilience in Ethiopia; GBP 262,000,000; 2017-2022 ▪ Delivering climate resilient WASH in Africa and Asia (5 countries); GBP 25,342,000; 2017-2022 ▪ Strengthening climate resilient systems for WASH in Ethiopia; GBP 95,000,000; 2019-2024 ▪ *Closed:* AGP I, Agriculture Fast Track Investment Project, Climate High-Level Investment Programme, PSNP III; OneWASH; CRGE Fast Rack Investments (GBP 15 million); Strategic Climate institutions Programme
United States of America - https://www.usaid.gov/climate; https://www.usaid.gov/ethiopia/documents/cdcs-2019-2014; https://www.usaid.gov/ethiopia/press-releases/renewed-development-partnership-agreement-may-2020			

Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
NAP-ETH priorities that could be addressed: 1 – Food security; 2 – Water; 3 – Natural resource management; 4 – Water harvesting and retention; 6 – Ecosystems and biodiversity; 8 – Building social protection and livelihood options; 9 – renewable energy; 14 – Value chains			
USAID works to end extreme global poverty and enable resilient, democratic societies to realize their potential. The United States and MoF signed a new development partnership agreement in May 2020 worth more than USD 230 million. The new agreement includes investments in health, education, agriculture, economic growth, good growth and strengthened resilience of Ethiopians. The goal for USAID/Ethiopia's 2019-2024 Country Development Cooperation Strategy (CDCS) is: Ethiopia transitions to a more democratic, prosperous, and resilient society, with accountable institutions and private sector-led growth. The US is the largest provider of foreign assistance to Ethiopia, providing around USD 4 billion from 2015 to 2020.	Provides support for strengthened disaster risk management capabilities, in addition to investments that boost the resilience of vulnerable regions, communities, and households to key shocks (including climate shocks) The 2019 -2024 Country Development Strategy notes that Ethiopia is already addressing many important climate stresses through their agriculture projects. USAID's resilience programming in the Ethiopia lowlands is part of the PSNP.	Grants through USAID Supports large programs (AGP, SLMP, PSNP. etc.) that are making capacity development investments and are supported by a well-established Government-Donor coordination mechanism that supports the utilization of monitoring data, adaptive management of the program delivery and coordination with components delivered by non-governmental entities.	▪ AWASH Bank Partnership to expand credit to agriculture enterprises, USD 6.4 million ▪ Program for Pastoralist Resilience Improvement and Market Expansion (PRIME), USD 18 million, 2015-202 ▪ Contributions to the PSNP, AGP I, AGP II, GRAD, SLMP, Livestock Growth Program, Water Sanitation and Hygiene Transformation for Enhanced Resiliency (WATER), WASH, Feed the Future Initiative, Engaging the Private Sector in Support of Smallholder Farmers, Land Administration to Nurture Development, Resilience through Enhance Adaptation, Action-learning and Partnership Activity.

Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
Private Foundations			
Bill and Melinda Gates Foundation - https://www.gatesfoundation.org/what-we-do/global-growth-and-opportunity/agricultural-development NAP-ETH priorities that could be addressed: 1 – Food security; 5 – Health			
Supports a range of programs that emphasize health and nutrition, disease prevention, treatment and reach; water, sanitation and hygiene; agriculture; financial series for the poor; and policy and advocacy. Supports countries to advance inclusive agricultural transformation.	The Foundation has made grant commitments to help farmers cope with climate change, and supported research in the area of climate change.	Partners with the Ministry of Agriculture in Ethiopia to improve farm productivity and profitability. The Foundation has an office in Addis Ababa. Ethiopia is one of ten focus countries in Africa. The foundation works with government and NGOs in the areas of agriculture and health.	▪ Strengthen the Human resource system of the Ministry of Agriculture; USD 2,478,021; 2019-2022 ▪ Digital Green – increase smallholder income by creating public-le digital platform for agriculture advisory services; USD 10,558,707; 2019-2024 ▪ Ethiopian Institute of Agricultural Research; GBP 25,342,000; 2018-2023 ▪ Mercy Corp -develop digitally enabled rural advisory and financial service and market access; USD 1,250,000 (1/4 of 5M); 2018-2020 ▪ IBRD – rural women's' economic empowerment in Ethiopia and Nigeria; USD 10,000,000 (1/2 of 9.9 M); 2018-2025

Adaptation areas of support/ investment	Type of investment /Scale of investment	Considerations	Adaptation-relevant Projects in Ethiopia
			▪ Institutional Strengthening for the Forest Sector Development; USD 350,000; 2015-2020 ▪ *Closed* – Processor-led model of smallholder farmer dairy development in Selale milk corridor; USD 500,000; 2018-2019
Children's Investment Fund Foundation – NAP-ETH priorities that could be addressed: 1 – Food security; 5 – Health			
The Foundation focuses on improving children's lives. Priority areas are child health and development, child protection, adolescence, and climate change. The climate change program is focused on mitigation, the transition to a low-carbon world.	Makes grant contributions	The Foundation has an office in Addis Ababa. The program in Ethiopia is focused on health and undernutrition, with ongoing projects of at least USD 118 million. Ethiopia is also a beneficiary of multi-country health projects. Presents opportunity to address the NAP-ETH health option.	▪ Sustainable undernutrition reduction in Ethiopia; USD 32.2 million; 2015-2020

Annex 2: Alignment of actions in the NAP-ETH Resource Mobilization Strategy with the NAP-ETH implementation roadmap and NDC update

The NAP-ETH Resource Mobilization Strategy sets out actions over the same timeline as the NAP-ETH Implementation Roadmap (short term: 2020-2022 and medium term: 2023-2030). The NDC update sets out actions to 2021, 2023 and 2025.

Priority actions identified in the resource mobilization strategy that are similar to actions identified in the NAP-ETH implementation roadmap and NDC update roadmap are set out in the table below.

NAP-ETH Resource Mobilization Strategy	NAP Implementation Roadmap	CRGE Assessment / NDC Update Roadmap
A. Align resource mobilization efforts		
Short-term: Use the NAP-ETH, its implementation roadmap, and associated tools as the basis for the identification of adaptation priorities for the updated CRGE/NDC strategy and investment plan, SDG financing roadmap, and resource mobilization efforts for the GTP-III and Ten-Year Perspective Development Plan. *Medium term:* Provide support to the financial planning unit of the GTP-III and Ten-Year Perspective Development Plan to assess the costs and benefits of building climate resilience in priority sectors.	*Short term:* Raise awareness and provide technical support in regard to planning for and reporting on climate change – regional, zonal and Woreda level staff (p. 109). *Medium term:* Align NAP funding with national plan / Align NAP with Channel One budgeting (p. 112).	Revise the CRGE Strategy and NDC to reflect adaptation priorities and interventions; and a more targeted, sector-specific approach for adaptation in high vulnerability sectors. *By 2023*: Scope of work and terms of reference finalized. *By 2025:* New adaptation baseline and targets in revised CRGE and updated NDC (p. 12).
B. Build the evidence base for adaptation project identification and development		
Short term: Improve tracking of and reporting on finance for adaptation, with a focus on international public finance. *Medium term:* Improve tracking of domestic finance for adaptation. *Medium term:* Develop a methodology and begin reporting on private sector investment that supports	*Medium term:* Monitoring and reporting of funding and implementation. Provide ongoing report to donors and international community of funding gaps and current status of implementation (p. 111). *No timeline provided:* Develop a national system to track climate change spending on	Conduct a public expenditure review and institute a climate change coding system. *By 2021:* Climate change budget codes adopted and integrated in budgeting systems *By 2023 and 2025:* budget codes maintained, applied and tracked.

adaptation.	adaptation and mitigation within the federal budget (p. 109). *No timeline provided:* Climate change relevant spending that does not pass through the federal budget (from both domestic and international sources) should be collated in a manner consistent with the federal budget to allow for a comprehensive assessment of all relevant funding (p. 109).	Prepare annual expenditure reports on climate change finance budgeting and tracking. *By 2021, 2023 and 2025:* Annual reports on climate change budgeting and finance published (p. 15). *By 2023 and 2025*: NGOs implementing climate change-related projects required to submit project financing reports (p. 16).
Short term: Develop, and update on a regular basis, a database of current and planned initiatives that address adaptation and are in adaptation-relevant sectors.	*Short term:* Stocktaking of pipeline and operationally active projects so as to be able to monitor the extent CC has been mainstreamed and adaptation actions are integrated (p. 95).	
Short term: Identify and compile information on best practices and lessons learned, drawing on domestic and international experience, to inform project development. *Medium term:* Identify lessons learning in mainstreaming adaptation at the local level to inform project development		Refer to global best practice during project development. *By 2021:* Climate change consultative review requirement issued for all projects above a determined threshold. *By 2023 and 2025:* Climate change consultative review conducted for al applicable projects and recommendations integrated into projects (p. 13).
Short term: Compile and organize existing climate risk, vulnerability, gender and other adaptation assessments, and make publicly available. *Medium term*: Identify gaps in existing vulnerability and climate risks assessments, prioritize needs, and undertake additional assessment to meet priority needs.	*Medium term:* Continuously conduct regional and national level climate risk assessment and impacts (p. 96). *Medium term*: Feed climate risk assessment into policy making and planning. Include gender data on information to be gathered (p. 96). *Medium term*: Build national capacity in using modeling tools for climate change vulnerability	Conduct detailed sectoral climate change risk and vulnerability assessment to establish accurate baseline for vulnerability, and to identify high-priority areas for interventions to build adaptive capacity and reduce vulnerability. Set targets and opt for relevant best practice in terms of adaptation interventions.

	and climate impact assessments (p. 104).	*By 2021:* Risk and vulnerability assessments initiated. *By 2023:* Risk and vulnerability assessments completed and validated (p. 12).
Medium term: Establish a robust M&E system that enables assessment of the outcomes of adaptation action.	*Short term:* Stocktaking of pipeline and operationally active projects so as to be able to monitor the extent climate change has been mainstreamed and adaptation actions are integrated. Include information on women beneficiaries to track progress (p. 95). *Short term:* Develop database and knowledge management system to track impact of climate change (p. 102).	Operationalize M& E system. *By 2021:* M&E Task Force activities complete and new M&E system (that is integrated with MRV system) in place. *2023 and 2025*: Annual M&E reports published and publicly available (p. 14).
C. Continue to build capacity for resource mobilization for adaptation		
Short term: Develop capacity to mainstream adaptation in planning and budgeting at the sector, regional and woreda levels, building on the mainstreaming guidelines.	*Short term:* Develop technical capacity to develop bankable projects to attract international climate finance (p. 109).	
Short term: Provide training to build the skills of technical staff to scope and identify sources of adaptation finance, understand requirements to access funds, assess donor requirements, establish and maintain relations with potential funders, develop project concepts and proposals, and negotiate with donors and delivery partners.	*Short term:* Strengthen fund mobilization and management capacity. Prepare capacity development programmes for federal, regional and woreda level experts (p. 110). *Short term:* Provide awareness and training to government employees on funding proposals (p. 112).	
D. Take steps to increase resource flows for adaptation		
Short term: Encourage a coordinated approach to development partner support for implementation of the NAP-ETH through engagement with the	*Short term:* Collaborate with development partners for resource mobilization for capacity building of actors at all levels. Integrate climate change	

CRGE working group of the Development Assistance Group (DAG).	into current discussion at the CRGE Forum as well as DAG (p. 102). *Short term:* Establish partnerships/networks among bilateral and multilateral as well as non- state actors for funding and better coordination of project prioritization (p. 102). *No timeline provided*: Collaborate with non-state actors to increase financial support from the international community that is needed to complement the significant domestic resources being allocated to climate change actions (p. 109).	
Short term: Develop concept notes and proposals for priority adaptation actions that are identified through consultation with the DAG and discussions with development partners.	*Short term:* Prepare proposals for bilateral and international donors (p. 110).	
Short term: Engage private sector representatives in the NAP-ETH process using avenues presented through the GCF-supported adaptation planning readiness project. *Short term:* Compile and share climate information that helps the private sector understand adaptation and how to address climate risks in business practices.	*Short term:* Conduct assessment with regard to availability of funding from private sector (p. 111). *Short term:* Develop engagement strategy including entry point for private sector engagement (p. 111). *Medium term:* Implement private sector engagement strategy. Identify key private sector actors for engagement as pilot programme (p. 112). *Medium term:* Reach out to private sector actors to create awareness on climate adaptation (p. 112).	Create a private sector liaison office (or officer) within the CRGE Facility to enhance resource mobilization and implementation. *By 2021*: Position designed, mandated, created and trained staff recruited for role *By 2023 and 2023*: Continued operation of private sector liaison officer (p. 16).

Source: FDRE, 2019c; and Pegasys, 2020a.

References

Adaptation Fund. (2020). *Projects & Programmes: All Funded Projects*. Retrieved from https://www.adaptation-fund.org/projects-programmes/

Africa Climate Change Resilience Alliance (ACCRA). (2012). *From local to national: Supporting local government action in climate change adaptation, disaster risk reduction and development planning.* ACCRA brief. Retrieved from https://www.care.org/sites/default/files/documents/PSJ-2012-Ethiopia_Local_Government.pdf

African Development Bank. (2019). *UNGA 2019: African Development Bank to help boost climate change adaptation funding to $12.5bn.* Retrieved from https://www.afdb.org/en/news-and-events/unga-2019-african-development-bank-help-boost-climate-change-adaptation-funding-125bn-30397

African Development Bank, Asian Development Bank, Asian Infrastructure Investment Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank Group, Islamic Development Bank, New Development Bank & World Bank Group. (2018). *The MDBs' Alignment Approach to the Objectives of the Paris Agreement: Working Together to Catalyse Low-Emissions and Climate-Resilient Development.* Retrieved from https://www.aiib.org/en/about-aiib/who-we-are/partnership/_download/alignment-approach-paris-agreement.pdf

Arabian Business. (2019). *Saudi fund signs $150 million loan deals with Ethiopian gov't.* Retrieved from https://www.arabianbusiness.com/banking-finance/436115-saudi-fund-signs-140m-loan-deals-with-ethiopian-govt

Ariti, A. T., van Vliet, J. & Verbur, P.H. (2018). What restrain Ethiopians NGOs to participate in the development of policies for natural resource management? *Environmental Science & Policy, 89*, pp. 292-299. Retrieved from https://www.sciencedirect.com/science/article/pii/S1462901117311796

Asian Development Bank, African Development Bank, Asian Infrastructure Investment Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank Group, Islamic Development Bank& World Bank Group. (2019). *High Level MDB Statement.* Made at the United Nations Secretary General's Climate Action Summit, 22 September. Retrieved from https://www.ebrd.com/news/2019/-mdbs-pledge-to-join-forces-to-raise-annual-climate-finance-to-175-bn-by-2025.html

ACWA Power, 2019. *Ethiopia PV*. Retrieved from https://www.acwapower.com/Flip/Ethiopia-PV-comp-English/index.html

Beckman, T. (2019). *USAID and Awash Bank Partnership Expands $6.4 million in credit to agriculture enterprises in Ethiopia.* Retrieved from https://www.usaid.gov/ethiopia/press-releases/12-13-2019-usaid-and-awash-bank-partnership-expands-64-million-credit

Bekele, Y.W. & Kjosavik, D.J. (2016). Decentralised Local Governance and Poverty Reduction in Post-1991 Ethiopia: A Political Economy Study. *Multilateral Studies in Politics and Governance*, *4*(4). http://dx.doi.org/10.17645/pag.v4i4.590

Bill and Melinda Gates Foundation. (2020). *Our Work in Ethiopia.* Retrieved from https://www.gatesfoundation.org/Where-We-Work/Africa-Office/Focus-Countries/Ethiopia

Biru, A. & Dibaba, A. M. (2018). Ethiopia: Assessment of the Operationalization of DRR System at Local Level. ASiST Mission Report prepared for the European Commission. Retrieved from

Bucher, B., Clark, A., Falconer, A. Macquarie, R., Meattle, C. & Wetherbee, C. (2019). *Global Landscape of Climate Finance 2019.* Climate Policy Initiative Report. Retrieved from https://climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2019/

Cepheus Research & Analytics. (2019). *Ethiopia's 2019-20 Budget.* Retrieved from https://cepheuscapital.com/wp-content/uploads/2019/01/Budget-Review-FY-2019-20.pdf

Climate Investment Funds. (2020). *Projects in Ethiopia*. Retrieved from https://www.climateinvestmentfunds.org/country/ethiopia

The Children's Investment Fund Foundation. (2019). *2018 Annual Report for the Year Ended 31 December 2018*. Retrieved from https://ciff.org/wp-content/uploads/2019/10/CIFF_2018_Annual_Report_gFyJ3eQ-1.pdf

Clinton Foundation (2014). *Climate Foundation Expands Climate Change Work in Ethiopia and Kenya.* Retrieved from https://www.clintonfoundation.org/press-releases/clinton-foundation-expands-climate-change-work-ethiopia-and-kenya

Cochran, L., & Singh, R. (2017). *Climate services for resilience: the changing roles of NGOs in Ethiopia*. Building Resilience and Adaptation to Climate Extremes and Disasters (BRACED) report. Retrieved from http://www.braced.org/contentAsset/raw-data/d9979304-b9bc-46bd-9bd0-74332efbe852/attachmentFile

CRGE Facility Secretariat (2016). *Private Sector Strategy for Ethiopia's Climate Resilient Green Economy (CRGE) Facility – Draft*. Retrieved from http://www.mofed.gov.et/documents/10182/32590/CRGE+Facility+Private+Sector+Strategy.pdf/8c99b4a6-1536-4f93-a345-e8d5d9e55253

CRGE Facility, Ministry of Finance and Economic Cooperation. (2017). *Climate Finance Tracking and Projection Approach and Methodology in Ethiopia.* Addis Ababa: CRGE Facility. Retrieved from http://www.mofed.gov.et/documents/10182/32590/Climate+Finance+Tracking+and+Projection+Methodology.pdf/390b6656-a8a8-4bda-a808-c813d582c713

Crawford, A. & Church, C. (2019). *Engaging the Private Sector in National Adaptation Planning Processes.* Winnipeg, Canada: IISD. Retrieved from http://napglobalnetwork.org/wp-content/uploads/2019/04/napgn-en-2019-engaging-the-private-sector-in-national-adaptation-planning-processes.pdf

Dazé, A. & Dekens, J. (2016). Financial Services for Climate-Resilient Value Chains: The case of Centenary Bank in Uganda. Winnipeg, Canada: IISD. Retrieved from https://www.iisd.org/sites/default/files/publications/climate-resilient-value-chains-case-centenary-bank-uganda.pdf

Dazé, A., Price-Kelly, H. & Rass, N. (2016). *Vertical Integration in National Adaptation Plan (NAP) Processes: Guidance Note*. Winnipeg, Canada: International Institute for Sustainable Development. Retrieved from www.napglobalnetwork.org

Development Assistance Committee. (n.d.). *OECD DAC Rio Markers for Climate: Handbook*. Paris: OECD. Retrieved from https://www.oecd.org/dac/environment-development/Revised%20climate%20marker%20handbook_FINAL.pdf

Development Assistance Group Ethiopia (2019). *Development Effectiveness in Ethiopia: DAG Annual Report – July 2018-June 2019.* Retrieved from https://www.undp.org/content/dam/dagethiopia/documents/DAG%20Annual%20Report%20July 2018-June2019%20Final%20.pdf

EDGAR – Emissions Database for Global Atmospheric Research, Joint Research Centre. (2020). *Fossil CO2 and GHG emission of all world countries, 2019 report*. Official website of the European Union. Retrieved from https://edgar.jrc.ec.europa.eu/overview.php?v=booklet2019&dst=GHGpc

EOD Resilience Resources. (2016). *Introducing Infrastructure Resilience.* Retrieved from https://assets.publishing.service.gov.uk/media/57d6bc17e5274a34de000040/Introducing_Infrastructure_Resilience_25May16_rev_external.pdf

European Commission. (2019). *EU strengthens cooperation with Ethiopia*. Retrieved from https://ec.europa.eu/international-partnerships/news/eu-strengthens-cooperation-ethiopia_en

European Union. (2019). *Case Study: Ethiopia's Safety Net Programme enhances climate change resilience of vulnerable populations.* Retrieved from https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwjfw6nhudbpAhWNhOAKHYueBXk4ChAWMAF6BAgCEAE&url=https%3A%2F%2Feuropa.eu%2Fcapacity4dev%2Ffile%2F85929%2Fdownload%3Ftoken%3D682qSO9K&usg=AOvVaw1tj0t5q5y0Y-OFCvN_LV5_

European Union. (2020). *International Climate Finance*. Retrieved from https://ec.europa.eu/clima/policies/international/finance_en

Fayolle, V., Fouvet, C., Soundarajan, V., Nath, V., Acharya, S., Gupta, N. & Petrarulo, L. (2019). *Engaging the private sector in financing adaptation to climate change: Learning from practice.* Acclimatise and Oxford Policy Management. Retrieved from http://www.acclimatise.uk.com/wp-content/uploads/2019/02/ACT-Private-Sector-paper_final_web-res.pdf

Federal Democratic Republic of Ethiopia. (2011). *Ethiopia's Climate Resilient Green Economy: Green Economy Strategy.* Addis Ababa: Federal Democratic Republic of Ethiopia (FDRE). Retrieved from http://www.mofed.gov.et/documents/10182/32129/CRGE+strategy.pdf/8671bb8a-8a89-4edb-89f8-87a53efda602

Federal Democratic Republic of Ethiopia. (2015a). *Ethiopia's Climate-Resilient Green Economy. Climate Resilience Strategy: Agriculture and Forestry.* Addis Ababa: FDRE. Retrieved from https://gggi.org/site/assets/uploads/2017/11/2015-08-Sectoral-Climate-Resilience-Strategies-for-Ethiopia-1-Agriculture-and-Forestry-Climate-Resilience-Strategy.pdf

Federal Democratic Republic of Ethiopia. (2015b). *Ethiopia's Second National Communication to the United Nations Framework Convention on Climate Change*. Addis Ababa: Ministry of Environment and Forests. Retrieved from https://www.efccc.gov.et/images/PDF/Climatechange/Ethiopian%20second%20national%20comunication.pdf

Federal Democratic Republic of Ethiopia. (2016). *Growth and Transformation Plan II (GTP II) (2015/16-2019/20). Volume I: Main Text*. Addis Ababa: National Planning Commission. Retrieved from https://ethiopia.un.org/sites/default/files/2019-08/GTPII%20%20English%20Translation%20%20Final%20%20June%2021%202016.pdf

Federal Democratic Republic of Ethiopia. (2017a). *Multisector Investment Plan for Climate Resilient Agriculture and Forest Development 2017-2030*. Addis Ababa: MoFEC. Retrieved from https://www.climateinvestmentfunds.org/sites/cif_enc/files/ppcr_20_5_strategic_program_for_climate_resilience_for_ethiopia_final_0_0.pdf

Federal Democratic Republic of Ethiopia. (2017b). *Nationally Determined Contribution (INDC) of the Federal Democratic Republic of Ethiopia*. Addis Ababa: FDRE. Retrieved from https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Ethiopia%20First/INDC-Ethiopia-100615.pdf

Federal Democratic Republic of Ethiopia. (2018). *Climate Resilient Green Economy (CRGE) Facility Operations Manual (Revised Version).* Addis Ababa: CRGE Facility. Retrieved from http://197.156.84.37/documents/10182/32590/CRGE+facility+operations+manual.pdf/f747d9e4-cf16-48cf-8174-54db5b2dcdf8

Federal Democratic Republic of Ethiopia (2019a). *Ethiopia's Climate Resilient Green Economy: Ethiopia's National Adaptation Plan*. Addis Ababa: Environmental Protection Authority. Retrieved from https://www4.unfccc.int/sites/NAPC/Documents/Parties/NAP-ETH%20FINAL%20VERSION%20%20Mar%202019.pdf

Federal Democratic Republic of Ethiopia. (2019b). *Integrating Gender Considerations in Ethiopia's National Adaptation Plan (NAP) Process: Analysis and Recommendations*. Addis Ababa: EFCCC. Retrieved from http://napglobalnetwork.org/resource/integrating-gender-considerations-in-ethiopias-national-adaptation-plan-nap-process/

Federal Democratic Republic of Ethiopia. (2019c). *National Adaptation Plan (NAP) Implementation Roadmap for Federal Democratic Republic of Ethiopia.* Draft. Addis Ababa: EFCCC.

Finance Innovation for Climate Change Fund. (2017). *Climate Smart Agriculture -Lessons Learned: Capacity Development by FICCF and Finance for CSA*. Retrieved from www.starckplus.com/index.php/main/95-climate-smart-agriculture-learning-papers

Food and Agriculture Organization of the United Nations. (2012). *A Guide to Resource Mobilization*. Rome: FAO. Retrieved from http://www.fao.org/3/i2699e/i2699e00.pdf

Frade, J. (2019). *Finance Assessment of the Water Sector in Ethiopia*. Final report for IRC. Retrieved from https://www.ircwash.org/sites/default/files/084-201920report_irc_finance_assessment_of_ethiopia_water_sector02_-final.pdf

Global Commission on Adaptation. (2019). *Adapt Now: A Global Call for Leadership on Climate Resilience*. Rotterdam and Washington, DC: Global Center on Adaptation and World Resources Institute. Retrieved from https://cdn.gca.org/assets/2019-09/GlobalCommission_Report_FINAL.pdf

Global Environment Facility. (2014). *Project Identification Form - CCA Growth: Implementing Climate Resilient and Green Economy plans in highland area*. Retrieved from: https://www.thegef.org/sites/default/files/project_documents/9-1-2014_PIF_rev.pdf

Global Environment Facility. (2018a*). GEF-7 Resource Allocation Scenarios and Global Environmental Benefits Targets. Fourth Meeting for the Seventh Replenishment of the GEF Trust Fund*. GEF/R.7/22. Retrieved from https://www.thegef.org/sites/default/files/council-meeting-documents/GEF-7%20Resource%20Allocation%20and%20Targets%20-%20GEF_R.7_22.pdf

Global Environment Facility. (2018b). *Initial GEF-& STAR Country Allocations*. 55th GEF Council Meeting. GEF/C.55/Inf.03. Retrieved from https://www.thegef.org/sites/default/files/publications/GEF-C.55-Inf.03-GEF-7-STAR.pdf

Global Environment Facility. (2020). *Ethiopia: Country at a Glance.* Retrieved from https://www.thegef.org/country/ethiopia.

Global Green Growth Institute. (n.d.). *GCF Portfolio*. Retrieved from https://gggi.org/site/assets/uploads/2020/03/GCF-Portfolio-Report_20200329_External.pdf.

Global Green Growth Institute. (2019a). *GGGI Ethiopia.* Retrieved from https://gggi.org/site/assets/uploads/2019/10/Ethiopia-Brochure.pdf

Global Green Growth Institute (2019b). *Review of GGGI's Experience to Design and Operationalize National Financing Vehicles to Finance Climate and Green Growth Policy implementation*, GGGI Technical Report No. 9. Seoul, South Korea: GGGI. Retrieved from https://gggi.org/site/assets/uploads/2020/01/GGGI-Technical-Report-No.-9.pdf

Global Green Growth Institute (GGGI) for the Federal Democratic Republic of Ethiopia. (2019). *GCF Readiness Proposal: Building the Project/Program development, coordination and delivery capacity of the NIE and strengthening Ethiopia's engagement with the GCF*. Retrieved from: https://www.greenclimate.fund/sites/default/files/document/readiness-proposals-ethiopia-gggi-strategic-frameworks.pdf

Global Network Against Food Crises and Food Security Information Network. (2020). *2020 Global Report on Food Crises: Joint Analysis for Better Decisions*. Retrieved from https://docs.wfp.org/api/documents/WFP-0000114546/download/?_ga=2.255487040.914144971.1587562174-1112990235.1587562174

Gov.UK. (2019). *UK aid to double efforts to tackle climate change.* Press release, 23rd September. Retrieved from: https://www.gov.uk/government/news/uk-aid-to-double-efforts-to-tackle-climate-change

Green Climate Fund. (2020). *Ethiopia*. Retrieved from https://www.greenclimate.fund/countries/ethiopia

Guzman, S., Guillen, T. & Manda, J (2018). *A Review of Domestic Data Source for Climate Finance Flows in Recipient Countries.* UNDP and the Climate Finance Group for Latin America and the Caribbean. Retrieved from https://www.climatefinance-developmenteffectiveness.org/sites/default/files/GFLAC-Web.pdf

Hallegatte, S., Rentschler, J. & Rozenberg, J. (2019). *Lifelines: The Resilient Infrastructure Opportunity. Sustainable Infrastructure.* Washington, D.C.: World Bank. Retrieved from http://hdl.handle.net/10986/31805

Hammill, A., Daze, A. & Dekens, J. (2019). *The National Adaptation Plan (NAP) Process: Frequently Asked Questions.* Retrieved from http://napglobalnetwork.org/2019/12/the-national-adaptation-plan-nap-process-frequently-asked-questions/

Huq, S. (2015). Loans or grants for climate finance? *Climate Home News.* Retrieved from https://www.climatechangenews.com/2015/10/19/loans-or-grants-for-climate-finance/

Inter-American Development Bank. (2020). *NDC Invest.* Retrieved from https://www.ndcinvest.org/EN/index.php

Ministry of Finance-Ethiopia. (2019). *Ethiopia and the Development Assistance Group in Ethiopia (DAG) High-level Forum*. Facebook post, 13th December. Retrieved from https://www.facebook.com/MoFEDet/

Ministry of Finance, FDRE. (2020a). *CRGE Facility Programs/Projects*. Retrieved from http://www.mofed.gov.et/web/guest/programs/projects

Ministry of Finance, FDRE. (2020b). *Financing Roadmaps for Sustainable Development*. Retrieved from http://www.mofed.gov.et/-/financing-roadmaps-for-sustainable-development

Ministry of Finance and Economic Cooperation, FDRE. (2017). *Funding Proposal – FP058: Responding to the increasing risk of drought: building gender-responsive resilience of the most vulnerable communities*. Retrieved from https://www.greenclimate.fund/sites/default/files/document/funding-proposal-fp058-mofec-ethiopia.pdf

NAP Global Network. (2020). *Supporting national-level action*. Retrieved from http://napglobalnetwork.org/activities/supporting-national-level-action/

National Planning Commission. (2018a). *Accelerating the Implementation of the 2030 Agenda in Ethiopia.* Retrieved from https://www.un.org/development/desa/dspd/wp-content/uploads/sites/22/2018/05/4-1.pdf

National Planning Commission. (2018b). *The Second Growth and transformation Plan (GTP II): midterm Review Report.* Addis Ababa: FDRE.

NDC Partnership. (2020). *Understanding NDC Financing Needs*. Retrieved from https://ndcpartnership.org/sites/default/files/Understanding%20NDC%20Financing%20Needs%20Insight%20Brief.pdf

Nicolson, K., Beloe, T. & Hodes, G. (2016). *Charting New Territory: A Stock Take of Climate Change Financing Frameworks in the Asia-Pacific*. Bangkok: UNDP Bangkok Regional Hub. Retrieved from https://www.climatefinance-developmenteffectiveness.org/sites/default/files/documents/09_06_16/Charting%20New%20Territory%20-%20A%20Stocktake%20of%20Climate%20Change%20Financing%20Frameworks%20in%20Asia%20Pacific.pdf

Nordic Climate Facility. (2019). *Climate as Business: Full Proposal Application Guidelines.* https://www.nordicclimatefacility.com/documents/NCF-9-Full-Proposal-Application-Guidelines.pdf

Nordic Development Fund. (2015). NCF: Clean energy promotion through microfinance in Ethiopia. Retrieved from https://www.ndf.fi/project/ncf-clean-energy-promotion-through-microfinance-ethiopia-ndf-62-b-1

Organisation for Economic Co-operation and Development. (2020). *OECD and donor countries working to focus development efforts on Covid-19 crisis, building on a rise in official aid in 2019*. Retrieved from https://www.oecd.org/development/oecd-and-donor-countries-working-to-focus-development-efforts-on-covid-19-crisis-building-on-a-rise-in-official-aid-in-2019.htm

OECD-DAC. (2020). *Aid at a glance charts.* Retrieved from http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/aid-at-a-glance.htm

OECD.Stat. (2020). *Aid activities targeting Global Environmental Objectives.* Retrieved from https://stats.oecd.org/Index.aspx?DataSetCode=RIOMARKERS

Office of the Prime Minister, FDRE. (2019). *A Homegrown Economic Reform Agenda: A Pathway to Prosperity*. Retrieved from https://pmo.gov.et/initiatives/

Parry, J., Dazé, A., Dekens, J., Terton, A., Brossmann, M. & Oppowa, S. (2017). *Financing National Adaptation Plan (NAP) Processes: Contributing to the achievement of nationally determined contribution (NDC) adaptation goals*. Winnipeg, Canada: IISD. Retrieved from http://napglobalnetwork.org/resource/financing-national-adaptation-plan-nap-processes-contributing-achievement-nationally-determined-contribution-ndc-adaptation-goals/

Pegasys (2020a). *Ethiopia's NDC Update: Actions for 2020-2025*. Report developed for the Government of Ethiopia with support of NDC Support Facility and World Bank Group

Pegasys. (2020b). *Overview Report: Ethiopia's Climate Resilient Green Economy (CRGE) Strategy (2011-2019) – Implementation Progress Assessment Report.* Report developed for the Government of Ethiopia with support of NDC Support Facility and World Bank Group.

Pickering, J., Betzold, C. & Skovgaard, J. (2017). Special issue: management, fragmentation and complexity in the emerging system of international climate finance. *International Environmental Agreements: Politics, Law and Economics, 17*: 1-16. Retrieved from https://link.springer.com/article/10.1007/s10784-016-9349-2

Puig, D., Olhoff, A., Bee, S., Dickson, B. & Alverson, K. (Eds.) (2016). *The Adaptation Finance Gap Report*. Nairobi, Kenya: UNEP. Retrieved from https://unepdtu.org/publications/the-adaptation-finance-gap-report/

Price-Kelly, H. & Hammill, A. (2016). *Using NDCs and NAPs to Advance Climate-Resilient Development.* NAP Global Network blog. Retrieved from http://napglobalnetwork.org/2016/11/using-ndcs-naps-advance-climate-resilient-development/

Simons, T. (2014). *The Small-scale Farmer 'is' the Private Sector.* DG's Blog. Agroforestry World. Retrieved from http://blog.worldagroforestry.org/index.php/2014/02/12/small-scale-farmer-is-private-sector/

Soanes, M., Shakya C., Walnycki, A., & Green, S. (2019). *Money where it matters: designing funds for the frontier.* London: International Institute for Environment and Development. Retrieved from https://pubs.iied.org/pdfs/10199IIED.pdf

United Nations. (2015). *Paris Agreement*. Retrieved from https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf

United Nations. (2020). *Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development*. E/CN.3/2020/2. Retrieved from https://unstats.un.org/sdgs/indicators/Global%20Indicator%20Framework%20after%202020%20review_Eng.pdf

United Nations Children's Fund (UNICEF). (2017). *A Synopsis Analysis of 2006-2016 National Trends and the 2017-2018 Federal Budget Proclamation*. Addis Ababa: UNICEF Ethiopia. Retrieved from https://www.unicef.org/esaro/UNICEF_Ethiopia_--_2017_--_National_Budget_Brief.pdf

UNICEF. (2018). *Budget Brief: Afar Regional State 2007/08 – 2105/16*. Addis Ababa: UNICEF Ethiopia. Retrieved from https://www.unicef.org/esa/sites/unicef.org.esa/files/2019-05/UNICEF-Ethiopia-2018-Afar-Regional-State-Budget-Brief.pdf

UNICEF. (2019). *Budget Brief: Analysis of the 2019/20 Federal Budget Proclamation*. Addis Ababa: UICEF Ethiopia. Retrieved from https://www.unicef.org/ethiopia/sites/unicef.org.ethiopia/files/2020-01/Analysisofthe201920FederalBudgetProclamation.pdf

UNICEF. (2020). *UNICEF Ethiopia: Annual Report 2019*. Retrieved from https://www.unicef.org/ethiopia/sites/unicef.org.ethiopia/files/2020-03/UNICEF%20Ethiopia%20Annual%20Report%202019%20%282%29.pdf

United Nations Conference on Trade and Development. (2019). *The Least Developed Countries Report 2019: The present and future of external development finance – old dependencies, new challenges*. New York, NY: United Nations.

United Nations Development Programme. (2011*). Estimated investment needed to address climate change in Colombia*. Retrieved from https://www.undp.org/content/dam/LECB/docs/briefs/undp-ndcsp-undpcc-iff-brief-bangladesh-2011.pdf

United Nations Development Programme. (2019). *Terms of Reference: Review and Preparation of Woreda Level Climate Smart Development Plans in Selected Woreda*. Retrieved from https://procurement-notices.undp.org/view_file.cfm?doc_id=181377

United Nations Development Programme. (2020). *Ethiopia – Recipient Profile*. Retrieved from https://open.undp.org/profile/ET/recipientprofile

United Nations Environment Programme. (2018). *The Adaptation Finance Gap Report 2018*. Nairobi, Kenya: UNEP. Retrieved from https://wedocs.unep.org/bitstream/handle/20.500.11822/27114/AGR_2018.pdf?sequence=3

United Nations Ethiopia. (2016). *Ethiopia's National SDG consultation explores mainstreaming, finance and M&E.* Retrieved from https://ethiopia.un.org/en/15004-ethiopias-national-sdg-consultation-explores-mainstreaming-finance-and-me

United Nations Framework Convention on Climate Change. (2011). The Cancun Agreements: Outcome of the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention. *Report of the Conference of the Parties on its sixteenth session, held in Cancun from 29 November to 10 December 2010: Addendum.* FCCC/CP/2010/7/Add.1. Retrieved from https://unfccc.int/sites/default/files/resource/docs/2010/cop16/eng/07a01.pdf?download

UNFCCC Standing Committee on Finance. (2018). *2018 Biennial Assessment and Overview of Climate Finance Flows: Technical Report*. Bonn, Germany: UNFCCC. Retrieved from https://unfccc.int/sites/default/files/resource/2018%20BA%20Technical%20Report%20Final%20Feb%202019.pdf

USAID. (2020). *Feed the Future Activities in Ethiopia.* Retrieved from https://www.usaid.gov/ethiopia/agriculture-and-food-security/feed-future/usaid-ethiopia-feed-future-activities

Wagner, L. (2020). High-level meeting Calls for Resilient Systems to Avoid Food Crisis. *SDG Knowledge Hub*. Retrieved from http://sdg.iisd.org/news/high-level-meeting-calls-for-resilient-systems-to-avoid-food-crisis/

World Bank (2017). *World Bank Group Country Partnership Framework for the Democratic Republic of Ethiopia 2018-2022.* Retrieved from http://documents.worldbank.org/curated/en/202771504883944180/pdf/119576-revised-Ethiopia-Country-Partnership-Web.pdf

World Bank. (2018). *Strategic Use of Climate Finance to Maximize Climate Action: A Guiding Framework.* Washington, D.C.: World Bank Group. Retrieved from http://documents.worldbank.org/curated/en/879251537779825585/pdf/130066-REPLACEMENT-PUBLIC-WBG-Strategic-Use-of-Climate-Finance-Sept2018.pdf

World Bank. (2019a). *Program Document for a Proposed Development Policy Credit: Second Ethiopia Growth and Competitiveness Programmatic Development Policy Financing.* Retrieved from http://documents.worldbank.org/curated/en/561821584987307061/pdf/Ethiopia-Second-Growth-and-Competitiveness-Programmatic-Development-Policy-Financing.pdf .

World Bank (2019b). *Project Appraisal Document for a Proposed Grant: Climate Action through Landscape Management Program for Results.* Retrieved from http://documents.worldbank.org/curated/en/949841560736884940/pdf/Ethiopia-Climate-Action-through-Landscape-Management-Program-for-Results-Project.pdf

World Bank (2019c). *Project Appraisal Document on a Proposed Credit: OneWASH – Consolidate WASH Account Project.* Retrieved from http://documents.worldbank.org/curated/en/577341560737014064/pdf/Ethiopia-Consolidated-Water-Supply-Sanitation-and-Hygiene-Account-Project.pdf

World Bank (2019d). *World Bank Climate Finance 2018*. Retrieved from http://pubdocs.worldbank.org/en/744511553696049991/World-Bank-2018-CFData.pdf

World Bank. (2019e). *The World Bank Group Action Plan on Climate Change Adaptation and Resilience: Managing Risks for a More Resilient Future*. Washington, D.C.: World Bank. Retrieved from http://documents.worldbank.org/curated/en/519821547481031999/The-World-Bank-Groups-Action-Plan-on-Climate-Change-Adaptation-and-Resilience-Managing-Risks-for-a-More-Resilient-Future.pdf

World Bank. (2020a). *Project Appraisal Document: Ethiopia Covid-19 Emergency Response.* Retrieved from http://documents.worldbank.org/curated/en/933841586193140802/pdf/Ethiopia-COVID-19-Emergency-Response-Project.pdf

World Bank. (2020b). *Renewable Energy Guarantees Program*. https://projects.worldbank.org/en/projects-operations/project-detail/P162607?lang=en

World Bank Group. (2017). *Country Partnership Framework for the Democratic Republic of Ethiopia for the Period FY19-FY22.* Ethiopia Country Office, World Bank. Retrieved from http://documents.worldbank.org/curated/en/202771504883944180/pdf/119576-revised-Ethiopia-Country-Partnership-Web.pdf

World Food Programme (2020). *What the World Food Programme is doing in Ethiopia.* Retrieved from https://www.wfp.org/countries/ethiopia

Yirgu, A. (2020). *Ethiopia Country Engagement Update Report; Quarterly Update – January-March 2020.* Washington, D.C.: NDC Partnership.

Yishak, M. (2019). *Climate-fragility Risk Brief: Ethiopia*. Climate Security Expert Network. Berlin: adelphi. Retrieved from https://www.climate-diplomacy.org/publications/climate-fragility-risk-brief-ethiopia